Management RECORD

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NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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REGULAR FEATURES

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Management Record

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• In the Record •

The Budgeting of Salary Increases

"It all depends" is a phrase with a familiar ring. Many have come to regard it as a convenient way of evading an answer. Yet often it is the *only* answer that can be given. Take the question of whether or not a company should budget salary increases. Here, it seems that each company must decide for itself whether budgeting fits in with its particular method of operating. And, at times, one company "will give the same chief reason for budgeting that another gives for not budgeting and both of their explanations would appear valid under the circumstances."

The article beginning on the next page defines budgeting and reviews several of the advantages and disadvantages of the salary increase budget frequently cited by firms that are considered pace setters in salary administration. Included is a discussion of the three leading approaches to budgeting: a budget based on a uniform per cent of base salaries; on a varying per cent of base salaries; and one based on a projection of individual salary increases.

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An Appraisal of Managers and Management Development

Business has often been accused of fostering conformity. Yet, increasingly, some businessmen have been pointing out that it's not enough just to follow the rules.

"The big challenge for America in the future is not going to be doing the familiar better or 'cutting costs' . . . This is the age of the rocket to the moon. . . . This is also an age when we have to develop and protect an elite corps," argued Phillip R. Kelly, of the Port of New York Authority, at a recent Conference Board Round Table on performance appraisals. Mr. Kelly cautioned against this-is-good-for-everybody appraisal concepts that stifle creativity and innovation.

A somewhat similar viewpoint was expressed by Boyd L. Payne, of Kimberly-Clark. Mr. Payne deplored the tendency toward formulas and "canned" methods of developing managers. The great industrial leader, he pointed out, often "does not conform to the pattern of professional management methods," however desirable these methods may be. Mr. Payne advises management to concentrate on developing individual strengths, not on trying to correct what he fears are usually innate weaknesses.

The third panelist, Malcolm P. McNair, Jr., of American-Standard, discussed the twelve elements in his company's approach to management development and how these elements helped the firm devise an appropriate system of performance appraisal.

For the full text of this provocative Round Table, see page 8.

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Pay Levels for Professional and Administrative Personnel

The BLS has a new survey of interest to industry. The bureau has recently published the first in a series of annual nationwide reports on compensation for selected professional and administrative occupations. This type of information is useful to firms that gear their salaries to going rates. And while the findings cannot be used as a precise guide to determining pay levels, the survey is nevertheless recognized as an added tool "in broadly gaging external pressures on company salary structures."

The data cover jobs in the following fields: legal, engineering and scientific, personnel management, office supervisory, and selected clerical and drafting occupations. Each job is subdivided into component levels, reflecting varying degrees of responsibility and authority.

For a full analysis of the new survey, see the article on page 22. This report supplements an article that appeared in the November *Management Record*.

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More about Work-study Plans

During his college years, the student may begin to wonder about the position he will occupy in the business world after he graduates. The abstract quality of some of the subject matter with which he deals often leaves him with the feeling that he will be ill equipped to go out on his own. This feeling may be intensified when he finally gets a job and finds that much of his education cannot be applied to the work at hand.

Work-study programs offer a possible solution to the problem. At the same time, they provide business and industry with a supply of capable and trained personnel who have already been fitted into the work force. The article on page 18 deals with work-study programs at two schools—the General Motors Institute and the Dearborn Center—both of which were set up solely as cooperative educational ventures.

The Budgeting of Salary Increases

Before a company can decide whether or not to use a budget, it must first clarify its objectives in the area of wage and salary administration

IN A RECENT *Management Record* article entitled "Who Approves Salary Increases?"[1] it was mentioned that not all of the companies whose practices were described made use of budgets for individual salary increases. Inasmuch as the companies covered in this earlier article are considered pace setters in wage and salary administration, THE CONFERENCE BOARD decided to make further inquiry into the subject of budgeting.

The Board queried the original companies and additional firms as well. A total of thirty-five companies furnished information. Specifically, an attempt was made to determine why some companies shun budgeting of individual salary increases, while others appear to embrace it as an integral part of their salary administration program; another purpose was to learn more fully the budgeting methods of those companies who use them.

Early in the inquiry it was detected that the question was not the simple one—why budget, as opposed to why not budget? Often a company long in favor of budgeting would give the same chief reason for budgeting that another company would give for *not* budgeting, and both their explanations would appear valid under the circumstances.

With budgeting of salary increases so intertwined with other aspects of salary administration, it soon became apparent that the basic question was not "why budget?" but "why grant salary increases?" With the answer to this question, it was believed that the reasons for budgeting or not budgeting could be better evaluated and understood.

WHY SALARY INCREASES?

While the reasons that the cooperating companies gave for granting salary increases were the usual ones, focusing attention on them nevertheless helped put the question of budgeting in proper perspective. It was generally agreed that salary increases were granted for the following purposes:

- To reward the individual in proportion to his contribution.
- To motivate the individual to achieve higher per formance, in anticipation of an increase in salar when earned.
- To maintain the individual's salary in proper rela tionship with salaries paid to others in the organiza tion.
- To pay the individual a salary in proper relationshi with the prevailing "market price" for the type an quality of service he is performing.

WHAT IS BUDGETING?

Then another question arose. Precisely what i budgeting? Some companies with well-established sal ary programs have developed procedures that, i effect, control the granting of salary increases, suc as percentage maximums, time minimums and pre scribed relationships with the midpoints of salar ranges. Is this budgeting? Apparently not, accordin to the definitions available. For example, here is on way budgeting has been defined:

> "Budgeting makes provisions for quantifying, in financi and other appropriate terms, the plan of operations deve oped by management."[2]

And here is another more picturesque definition

> "A budget, in general, is a plan or estimate of futur activities, especially of income and expenses during a pa ticular future time period. The term itself derives from leather bag, or bougette, in which the funds to meet futur expenses were originally set aside."[3]

According to these definitions it would appear tha only those companies that designate a certain amoun of money for the purpose of granting future salary in creases can be described as making use of a budge Other companies that achieve almost identical obje tives through other means, on the other hand, mus be placed in the nonbudgeting category.

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[1] *Management Record,* July-August, 1960, p. 11.
[2] "Business Budgeting," S. Welsch, Controllers Foundation, In 1958, p. 56.
[3] "Dictionary of Business and Finance," D. T. Clark & B. Gottfried, 1957, p. 56.

Advantages of the Budget

Among those companies making use of a salary increase budget, there is agreement that one of the major advantages of the budget is that it requires managers to look into the future, evaluate the performance of their salaried personnel, and to reach at least tentative conclusions as to which of these people would be entitled to a salary increase during an ensuing period, and approximately how much. This advantage seems to hold true for all methods of budgeting.

Other important advantages of the salary increase budget often cited by the surveyed companies are:

• A budget provides a formal method by which a company can maintain its general salary level where it wishes, or where its policy dictates. This is mentioned particularly by those companies that do not grant general salary increases similar to the general wage increases given to production employees. Instead, their practice is purposely to make the salary increase budget sufficiently generous to permit a lifting of the general scale to the desired level. One company, for example, makes this pledge: "We will maintain levels of compensation that compare favorably with prevailing rates in the area for the occupation." It believes that budgeting salary increases better enables it to live up to that pledge.

• Another advantage claimed for the budget is that it achieves proper balance between the "free spenders" and the "close spenders." By use of a budget, as well as other controls, the manager who would otherwise spend too little for salary increases is prompted to spend more, while the manager whose generosity knows no limits is persuaded to hold such generosity within reasonable and acceptable bounds.

• Budgeting, many cooperators say, also achieves a more equitable distribution of the salary increase dollar. When a manager knows precisely how many dollars he has to spend for salary increases, he is required to make a choice, and this choice is generally based upon painstaking deliberation. It is argued that this element of choice is largely lost if salaries of individuals are brought up for routine review periodically during the year, and there is no question as to which individuals should be granted increases and which individuals should be denied them.

• Some of those using budgets also express the belief that by budgeting, and by looking ahead, it is often possible to time salary increases most advantageously. One example cited was a department that had both a slack and a busy season. Just by looking at the calendar it became obvious that the best time to grant salary increases in this department was during the busy season, instead of during periods when some might be inclined to "hide behind posts" in order not to be seen while idle.

• Practically all of the companies that favor budgets sooner or later mention cost control. Since salary increases represent an expense, they are of the opinion that it should be budgeted like all other expenses, so the company will know where it is headed. This was emphasized particularly by those companies that give no general salary increases, but instead use the budget for the purpose of maintaining a desired salary level. Some firms, to the contrary, say that cost control is of minor consideration because other salary administrative procedures provide a satisfactory degree of control, and, furthermore, because a budget for purely merit increases does not result in an actual increase in cost that is equivalent to the budgeted amount. Budgeted merit increases, say these cooperators, are generally offset in whole or in part by changes in the organization which result in lower costs, such as the replacement of an individual who has quit, retired, or been promoted by another individual at a lesser salary.

THREE DIFFERENT APPROACHES

There appear to be three different approaches to the budgeting of salary increases used by the cooperating companies. These are:

1. A budget based on a uniform per cent of total base salaries at the beginning of the budget period.
2. A budget based on a varying per cent of total base salaries at the beginning of the budget period.
3. A budget based on a projection of individual salary increases to take effect during the budget period.

While all three of these approaches result in the budgeting of a total dollar amount for the budget period, there are important distinctions that will emerge as the methods are described.

Uniform Per Cent of Salaries

Under this arrangement, a company about to undertake the budgeting of salary increases would probably examine with great care its experience during previous years. For each previous year, the company would tabulate the total base salaries at the beginning of the year for those employees who are to be included in the budgeted group. It would then sift out all merit increases granted each year, add up their total cost for that year, and divide the total cost of

these merit increases by the total base salaries at the beginning of the year. This would result in a percentage, such as 2%, 3%, 4%, or perhaps even higher. This, in turn, would indicate what the company had been paying for merit increases for years gone by.

The company would then seek to determine whether, based on experience, it had been paying too little or too much in the form of merit increases. Then, with an eye to the future, it would decide what the percentage should be for the coming year. This percentage would be applied to each of the major groups—such as divisions, departments or plants—and the dollar amount budgeted for each group could thus be ascertained.

While this is a simplification, it nevertheless describes the basic approach. Proponents of this method point out that the groups for which budgets are set should be sufficiently large so that in each group there will be a rounding out of the proportion of long-service employees to short-service employees and higher-paid employees to lower-paid employees. When this cannot be accomplished, suitable adjustments in the budget may be made.

Varying Per Cent of Salaries

This method is similar to that just described, except there is one additional step. Once the over-all budget percentage is determined, all or only a portion of it is allocated to various groups—such as sections, departments or divisions—on the basis of the current salary status within each group. The usual procedure is to total base salaries within a group and then compare this actual total with a total of all the salary midpoints in the same group. In this way a ratio is determined, and the group's budget is determined on the basis of that ratio.

Table 1 illustrates an application of this method. While the actual percentages allowed for salary increases should be ignored, inasmuch as they reflect circumstances within a single company, it can nevertheless be seen how the amount budgeted for salary increases decreases steadily as the ratio of actual salaries to midpoints ascends. Assuming the salary ranges and midpoints properly reflect occupational content, it is reasoned that there is need for a higher budget in those groups where the ratio of actual salaries to midpoints is the lowest.

Again referring to Table 1, and using an example, if actual base salaries within a group totaled $100,000, and the sum of all salary midpoints totaled $110,000, then the ratio would be .909. This, in turn, would provide a budget for that group of 4.7% or $4,700.

A variation of this method is to use the averag length of service within the particular group as a additional factor, as illustrated in Table 2. Here i will be noted that as average length of service climbs the amount of the budget also climbs. The intent i to avoid penalizing the long-service groups, whos average salary will normally be higher than that o short-service groups.

Projection of Individual Salary Increases

This method differs considerably from those alread described. At an appropriate time prior to a budge period, the performance of each individual is reviewe and a tentative determination made as to whethe that individual will be entitled to a salary increas during the forthcoming period and, if so, how much Often a sheet such as shown on the chart on page is used. These projections are reviewed in accordanc with company procedures, and a budget is finally determined on the basis of the projections, possibly wit some leeway for contingencies.

Once the budget has been determined for the grou or department, it is not expected that the individua projections will be followed either automatically o strictly. Variations can be made within the over-al

Table 1: Merit Budget Based on Ratio of Total Payroll to Total Salary Midpoints

Ratio of Total Group Payroll to Total of Salary Midpoints as of January 1	Percentage of January 1 Group Payroll Allowed for Merit Increases
Up thru .862	6.0
.863 - .867	5.9
.868 - .872	5.8
.873 - .877	5.7
.878 - .882	5.6
.883 - .887	5.5
.888 - .892	5.3
.893 - .897	5.2
.898 - .902	5.0
.903 - .907	4.9
.908 - .912	4.7
.913 - .917	4.5
.918 - .922	4.4
.923 - .927	4.2
.928 - .932	4.0
.933 - .937	3.8
.938 - .942	3.6
.943 - .947	3.4
.948 - .952	3.2
.953 - .957	3.0
.958 - .962	2.8
.963 - .967	2.5
.968 - .972	2.2
.973 - .977	1.9
.978 - .982	1.5
.983 - .987	1.1
.988 - .992	0.8
.993 - .997	0.4
.998 -1.000	0.0

Table 2: Merit Budget Based on Ratio of Group Payroll to Salary Midpoints and on Length of Service

Ratio of Group Payroll to Total Group Midpoints	Average Years of Company Service within the Group				
	0-6	6-10	10-15	15-20	20 and Up
	% of Budget for Merit Increases				
100% or less	100%	100%	100%	100%	100%
100.01 to 101.00	80	90	100	100	100
101.01 to 102.00	70	80	90	100	100
102.01 to 103.00	60	70	80	90	100
103.01 to 104.00	50	60	70	80	90
104.01 to 105.00	40	50	60	70	80
105.01 to 106.00	30	40	50	60	70
106.01 to 107.00	20	30	40	50	60
107.01 to 108.00	10	20	30	40	50
108.01 to 109.00	0	10	20	30	40
109.01 to 110.00	0	0	10	20	30
110.01 to 111.00	0	0	0	10	20
111.01 to 112.00	0	0	0	0	10
112.01 and over	0	0	0	0	0

limitations of the budget, both as to individuals and amounts. However, while projected increases for individuals may be given perfunctory approval, deviations may be subject to greater scrutiny, depending upon the practices of the particular company.

HOW THE BUDGET OPERATES

In budgeting salary increases, it is customary to budget a total dollar amount for the period, usually a year. For example, if the sum of $5,000 were budgeted, it could mean an average increase of $50 a month for each of ten individuals for an average of ten months ($50 x 10 x 10). Or, on the other hand, it could mean an average increase of $100 a month for each of ten individuals for an average of five months ($100 x 10 x 5).

Those experienced in budgeting salary increases recognize that theoretically, at least, a manager could withhold salary increases until the latter part of the year and then make the increases that much greater, which would add materially to annual payroll costs. In practice, however, these people argue that this cannot be done because the salary increase budget is generally tied directly to other salary procedures which result in salary increases being spread rather evenly over the year. Typically, salaries are reviewed and increases made effective on anniversary dates. This would prevent the withholding of salary increases for the deliberate purpose of "stretching" the budget. Also, some companies not only keep an eye on the budget, but likewise on the projected annual cost of salary increases.

How do managers know how much of their budget is still available to them? Some companies issue a monthly or quarterly report showing the budget total, the amount used, and the amount yet available. Others say that while such reports are not issued regularly, the information is always ready for reference. Still others say that if a manager goes too far in either direction—using the budgeted amount too rapidly or too slowly—he is advised of his status in order that he can review his situation and decide what corrective action, if any, should be taken.

Deviations from the Budget

Companies that budget salary increases say it is rarely necessary to exceed the budget. To the contrary, they find that it is rather common for the full budgeted amount not to be used.

When it is necessary to exceed the budget, this occurs most frequently in small groups, where greater flexibility is required. While deviations are not encouraged, it is recognized that they are at times warranted, and procedures are established for such adjustments.

OPPOSITION TO BUDGETS

While not critical of those using budgets, some companies believe that in their own circumstances they do just as well, or even better, without resorting to budgetary controls. They claim that all of the other controls built into their salary program achieve the desired result and that to superimpose a budget would simply add a useless burden. Here, at random, are some of their other claims:

• When salary increases are budgeted, there is a tendency on the part of some managers to get a larger amount than they really need. When this is spent, it

SALARY EXPENSE SUMMARY

FOR YEAR 19 | DIVISION OR WORKS | DEPARTMENT | SHEET NO.

(1) NAME	(2) CLASSIFICATION	(3) CODE	(4) DATE HIRED	(5) CURRENT BASE SALARY	(6) RANGE			(7) LAST INDIVIDUAL INCREASE		(8) SALARY INCREASE BY MONTHS												(9) ANNUAL COST	(10) COMMENTS
					MIN.	P.R.	MAX.	DATE	AMT.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.		
TOTALS																							

INITIATED BY | DATE | ANNUAL ALLOCATION | DATE

APPROVAL | DATE | APPROVAL | DATE | APPROVAL | DATE

results in inequities among employees and added cost to the company.

• With budgeting, the manager all too often follows a predetermined time schedule, and misses the opportunity to reward employees at times when salary increases would do the most good. Salary increases, they say, can sometimes be far more effective when they are granted unexpectedly immediately following an outstanding performance.

• They question whether anyone at the beginning of a year has the infinite wisdom and perception to foresee what salary increases should be granted up to twelve months hence. But having made such a determination, there may be an inclination to abide by it, unless the miscalculation is of such magnitude it can't be ignored.

• Those opposing budgets suspect that, under a budgetary system, when business declines there is a tendency to cut the budget, which almost automatically works against the individuals who are scheduled to have their increases go into effect during the latter part of the year. They believe that without any reference to a budget there is greater opportunity to obtain required approval of the deserved increase in salary. At any rate, the manager can't just say, "Sorry, the budget's been cut."

• A question also arose as to whether a budget might be looked upon as a substitute for sustained good supervision, and thus become a "crutch." This can happen, say some firms, when the budget develops an air of infallibility.

• Finally, the nonusers believe that when budgets are used, salary increases become too "cut and dried." Employees come to expect increases in salary at prescribed times. If they do get it, all is well; but if they don't get it (and have already spent it), then their reactions are not likely to be constructive. These companies hold that without budgets greater flexibility can be achieved, and this pitfall can more easily be avoided.

TO BUDGET OR NOT TO BUDGET

Actually, as indicated earlier in this discussion, the question is not so much whether or not to budget salary increases. One company can decide to budget for the very same reason another company decides not to budget, and both can be right. For example, one company states that, in keeping with its high degree of decentralization, it had concluded after considerable study that budgetary controls were not suitable. Another company, on the other hand, states with equal conviction that because of its high degree of decentralization budgeting was indeed desirable and necessary. Each of these companies, of course, is in the best position to evaluate its own circumstances.

The real question is the company's objectives in the area of salary administration. Once these objectives are clearly established, an evaluation can be made as to what better serves those objectives—budgets or no budgets. And what is better for one, may not be for the other.

George W. Torrence
Division of Personnel Administration

Management Bookshelf

Accounting for Stock Options—This book attempts to establish a concept of the executive stock option arrangement from which an accounting procedure can be devised to portray the financial impact of the option agreement. A service-cost-valuation concept is suggested as the basis for accounting presentation and the appropriate accounting procedures are outlined. The basic features of stock option plans, federal income tax treatment of them and various accounting techniques are described. *By Daniel L. Sweeney, Michigan Business Studies, Volume XIV, No. 5, Bureau of Business Research, School of Business Administration, University of Michigan, Ann Arbor, 1960, 228 pp. $5.*

Occupational Diseases and Industrial Medicine—This book is designed as a textbook for students and teachers of occupational medicine. Part I has information about the multiple facets of medical practice as they relate to industry and to industrial society, culminating with Chapter 7, "The Diagnosis of Occupational Diseases." Part II concerns the clinical approach to occupational diseases. The preface points out that with increased exposure of the public to toxic materials, "almost all physicians are confronted with situations once more closely confined to the practice of industrial medicine." *By Rutherford T. Johnstone, M.D. and Seward E. Miller, M.D., W. B. Saunders Company, 218 W. Washington Square, Philadelphia 5, Pa., 1960, 482 pp., $12.*

Labor Leadership Education—This book contains a study of Rutgers University's experience with its educational programs for trade union personnel. *By Irvine L. H. Kerrison and Herbert A. Levine, Rutgers University Press, New Brunswick, New Jersey, 1960, 188 pp., $5.*

An Appraisal of Managers and Management Development

In a period given to the reappraisal of all sorts of management practices, it is only logical that the widespread practice of appraising the performance of managers should also come up for review. Such a review was made during a recent Round Table sponsored by *The Conference Board*.

The speakers pointed out some of the assumptions, usually unacknowledged, that underlie many appraisal programs; reported upon a new approach to appraisals that is being used to avoid the pitfalls of conventional appraisal methods; and discussed the place of appraisals in a total program of management development.

Participating in the discussion were:

- Boyd L. Payne, manager, management research and development, Kimberly-Clark Corporation
- Malcolm P. McNair, Jr., manager, organization development services, American Radiator and Standard Sanitary Corporation
- Phillip R. Kelly, manager, personnel development and training, The Port of New York Authority

G. C. Buzby, president, Chilton Company, chaired the meeting.

► BOYD L. PAYNE

Developing the "Management Man"

ALTHOUGH I work in management development I am not at all sure that I or my associates yet know the way to develop management manpower. However, it is my chosen field and sheer logic convinces me there is a job to do. So I welcome the opportunity to make a critical examination of the subject.

To be severely self-critical and to both express these criticisms and then to invite your ideas may make our work more fruitful.

Most management development programs have fairly common purposes. There are individual differences but for the most part the programs are similar. The purpose is to motivate management men to improve their performance on their present jobs and to prepare themselves for greater management responsibilities.

Just as we all understand the objective, we all perform in about the same areas of activity. Again there are differences among programs but management development pretty well includes the activities concerned with employee records, histories and performance appraisal, self-development planning, plus education and training. Some few companies include organization development and manpower planning.

But while management development specialists agree on the job to be done, our greatest concern is that we have difficulty in measuring our results. We don't seem to know the extent to which we are achieving our goals. This may result from any one of a number of factors. The appraisals may not be appropriate, or they may not tell us when there is better performance, or there may be a lengthy time lag before the educational experiences of the manager can be translated into improved behavior. But we can't rule out the possibility that there is no improvement in performance as a result of our management development efforts. This is a rather sobering thought when you think of all the money and effort we are pouring into these programs.

Perhaps we ought to look at the purposes of the various activities under the general heading of management development. In his article "Reappraisal of Appraisals"[1] Mr. Kelly pointed out that there is great confusion about the purpose of appraisals and therefore confusion about the methodology and manner of their formulation.

[1] Mr. Payne is not referring to Mr. Kelly's address beginning on page 14 but to an earlier article with the same name which appeared in the May/June, 1958 issue of the *Harvard Business Review*.

I suggest to you that there is equal or greater con-
usion about the purpose of other activities of man-
gement development, and that this applies particu-
arly to the field of training.

When a training program has failed, the old saw omes to mind that if the student hasn't learned, the eacher hasn't taught. The management trainer's nswer might well be, "You can't always make a silk urse out of a sow's ear." While this is usually a de-ense mechanism, it may also contain a glimmer of ruth.

With or without formal appraisals, most of us valuate our fellow employees, if not ourselves, in erms of what they do well or excel at in their jobs; hese are their strengths. And more often we evaluate hem in terms of what they don't do so well, or do oorly, or don't do at all; these are their weaknesses.

CAN WE REMAKE THE MAN?

When we hire a man, most of us go to great lengths o discover the man's strengths in terms of our com-any needs. Unless his weaknesses are antisocial they re not of significant interest to us at the outset. But hen, somewhat like the young bride, shortly after he company-employee honeymoon is over, we go bout trying to remake the man, and more often than ot this means correcting his weaknesses.

While I am only a layman in the field of psychology, believe there is more than sufficient evidence to ndicate that many of these weaknesses are actually nnate in the individual and may result from an in-ernal conflict which only a psychologist could diag-ose, let alone attempt to correct. I am not talking bout abnormal personality characteristics; I am talk-ng about the weaknesses with which you and I live very day—work inaccuracies, lateness, low interest n the administrative details of the job, an apparent ack of desire to conform to policy, low mechanical ptitude. We all have them.

When a learning opportunity is presented to people vho have these identified weaknesses, they will par-icipate. They will attend courses. They may say, and nay literally believe, that they want to change. But am suggesting to you that the internal conflict in the ndividual will prevent all but the smallest increment f job performance improvement. It is little wonder hat trainers have so much difficulty in measuring mprovement, if our programs are designed to correct veaknesses which may be innate in the individual.

Conversely, the manager's strengths reflect his in-erests, his aptitudes; they arise from conflict-free reas of his personality. They are the things he enjoys most doing because they give him the greatest amount of reward. They also are what we hired him for in the first place.

Now this suggests to me a possible fundamental of management development that I do not believe is being fully explored: simply that the greatest incre-ment of learning is most apt to occur in those areas of study in which the individual has already demon-strated strengths of performance.

Putting it another way, the purpose of training might be to develop strengths as opposed to correct-ing weaknesses.

In our company we have unlimited illustrations of training to correct weaknesses which didn't take. We have had some limited experience with training to develop strengths and the results are exceedingly rewarding. Recently, we concluded a program to stimulate further management development among some of our most outstandingly successful managers, and the results in changed behavior would renew the faith of the most cynical critic of training for manage-ment development.

However, you can't just ignore the weaknesses in the vain hope that they will somehow disappear by osmosis. They are real problems. Some corrective action must take place if the company or its other employees are going to reach their objectives. What can we do about the weaknesses? I would suggest that if you begin by labeling a certain behavior pat-tern as a weakness, you are probably making a mis-take. It may be a weakness only in a particular point of time and circumstance. Perhaps the answer to the weaknesses lies in a redefinition of the job to minimize their effects and to make optimum use of the devel-oped strengths of the individual.

This approach explains in part why some companies include organization planning as part of their man-agement development programs.

THE JOB ENVIRONMENT

Further, a characteristic weakness on a job in one environment may be a highly desirable trait on the same job in a different environment. This suggests that successful performance is the product not only of the ability of the individual but of at least three things: the individual's ability, the definition of the job, and the environment in which that job exists.

The environment includes job relationships. An able and willing manager with a job that challenges his interests and his strengths may still fail because of unsatisfactory boss-subordinate relationships. Good boss-subordinate relationships do not guarantee satis-

factory performance but unsatisfactory boss-deputy relationships pretty well prevent satisfactory performance.

When I speak of environment I am also including the corporate policies and objectives, the facilities, and the leadership that are given to stimulate people to perform, and to make people want to reach our corporate objectives.

In any given company, top management may support some of the development programs for administrators. But such support is not a substitute for a proper management climate. In fact, top management support should be the result of a successful management development program, not a prerequisite to its success. In our company, we feel that management development is responsible in part for the formulation of a management climate that will be conducive to the development, encouragement and stimulation of our people. This again explains why we, like many other companies, use organization planning as a part of our management development effort.

It is becoming exceedingly popular to say that one of the purposes of management development is the production of professional managers. There has been a tendency recently to take the management planning, organizing, leading and controlling principles, build around them an elaborate series of methods, and then set about producing managers, all of whom know exactly how to use these methods.

You can now get books on how to manualize your objectives. Valid principles on organization have been buried under formats for position guides, functional indices and organizational directories. We all know the popular formulas for human relations training. These "canned" methods are designed to accomplish the principles of professional management.

There is no question in my mind that every company needs to observe the principles of professional management. But there is a serious question in my mind that the purpose of management development is to produce "professional managers." And I revert to my first point about the innate weaknesses and strengths of the individual.

I am thinking particularly of the great personal leader whose typical behavior pattern motivates him to be an authoritarian when it comes to human relationships. He uses situational planning. He uses centralized functionalized organization. He is often arbitrary. His controls are direct and personal. In other words, he does not conform to the pattern of professional management methods, but, nevertheless, he succeeds as a manager.

What about this fellow? I suspect that his typical behavior pattern is no more subject to change than are many of his weaknesses. Quite frankly, I don't think he consciously avoids the methods of the professional manager. Rather I think he chooses methods to complement his typical behavior pattern. Just as a milquetoast would look silly trying to be authoritarian, this type of leader would look silly trying to be anything but authoritarian.

I believe that every manager needs to know the principles of management and he needs to know all the methods available to him. But I strongly support a program which enables him to improve in those particular methods which are most useful to him in his typical behavior pattern.

In summary, I picture this management man as a complex organism, a sort of galaxy of needs and interests, aptitudes, pressures and conflicts. If our purpose is to encourage him to improve his performance, I am afraid it will be more on his terms than on ours because of his human inflexibility and resistance to change.

To recapitulate, we must develop recognized strengths; design jobs which optimize the use of strengths; minimize the effect of weaknesses; and stimulate a company climate that is conducive to improved performance. And I don't see any separation between job structure or job relationships and management development.

To develop a manager, define for him the work a manager does and all of the methods for doing it that are available to him. But measure him by his successful achievement of his objectives as a manager, not by the figure which he cuts in achieving them.

This approach really argues that all development is really individual development and that we should be concerned with helping to make the existing man better, not with remaking the man.

► MALCOLM P. McNAIR, JR.

The American-Standard Approach

YOU HAVE COME to this meeting principally to hear more about performance appraisal, and I have no intention of changing the subject. However, since our performance appraisal system is simply one of the tools which we use in managing our business and in helping managers to develop, our discussion of it will perhaps make more sense if we look first at some as

cts of our manager development problem and the pproach that we are using.

In our company, as very likely in yours, people are e largest major element of cost, amounting to about 0% of our total expenses. And "exempt" people, hile fewer in number, are the most expensive cate- ry of personnel, comprising 30% of the total cost people—or, in our company, about $38,000,000 nually.

There is a constant squeeze on what we can afford r our exempt payroll and directly related expenses. ompetition holds the lid on our prices. Yet the cost labor and materials is constantly rising. Thus, the rtion left for operating expenses and fixed and vari- le factory expense, which includes managerial sal- ies, is under pressure all the time.

So management must be sure it gets the maximum profitable performance from the managers, the xempt" group. Their "profit effect" must constantly crease if we are to get the revenue to afford them.

Each year we have to fill about one hundred out of e top 600 managerial jobs and about 650 out of the tire exempt group of 3,800 jobs. It is difficult and pensive to recruit these people outside. And we'd ther fill jobs from within the organization anyway.

But the key question is whether we have candi- tes for those jobs who are as good or better than r competition has? What is your experience in your n company? Are all your exempt positions really mpetitively filled? How well is managerial work be- g done? In our firm we know that the quality of our empt personnel vitally affects our survival and owth.

Thus, our manager development problem boils wn to a critical need throughout our corporation to t constantly better performance from everyone on s present job and, by so doing, to build up a reserve promotable people.

WHAT IS MANAGER DEVELOPMENT?

We believe that manager development is all those tivities and programs which, *recognized* and *con- olled,* have a substantial influence in changing the pacity of the individual to perform his present signment better and in so doing are likely to in- ease his potential for future managerial assignments.

Our studies and our experience so far suggest rongly that there are several elements required for e successful improvement of managerial resources. hose components of our business that are working *all* of them are getting somewhere. Those com- onents that have become sidetracked into overemphasis on a few of the elements, with perhaps little or no work on the others, have not been very successful.

The twelve elements in the American-Standard approach are these:

1. Establish clear understanding at all management levels as to what manager development and management itself consist of.

2. Clarify and define the specific objectives or results expected in all key components and jobs in the year ahead.

3. Define and secure agreement on the organization structure required to accomplish these results. Clear organization structure and good position design are very important.

4. Take inventory of existing management personnel and their record of accomplishment.

5. Develop and install the flexible measuring systems, accounting and otherwise, that will show each manager what his performance is so he can make his own corrections when needed.

6. Appraise performance on present jobs against the specific results required of that job.

7. Identify each individual's strengths and his development needs.

8. Design the development program that each individual needs in order to get the knowledge and develop the skills required to secure the results expected of him.

9. Review and, if necessary, revise policies on managerial selection, promotion, and compensation so that they are geared to encourage each individual to develop in harmony with the needs of the business.

10. Determine trends in the growth, nature and size of the business.

11. Establish future company objectives.

12. Identify future staffing needs by specific jobs and determine the record of accomplishment a man must have in order to handle each of these jobs.

As we can see, this is a continuing process, each element of which is dependent for success on the other elements of the process. We can also see that this process is very closely integrated with, and in fact is, a fundamental part of the basic management process which all of us are charged to perform.

Indeed, we think it is pretty nearly axiomatic that

you can have good manager development *only* where you have good management.

At American-Standard, our problem really is not *whether* to do these things; it is rather how to do them better and, if necessary, how to formalize and systematize our approach to them so that we don't overlook any links in the chain.

When we use words like formalize or systematize, we do not mean that there is or should be just one way of doing all these things in our corporation. We do not have just one formal over-all program in the corporation. In fact, we think it essential that the managers of each division, department, section, plant, sales district, etc. develop their own program for bringing about improved managing performance and thereby assuring trained managerial resources in the future.

PERFORMANCE APPRAISAL

Keeping this information on our approach to manager development in mind, let's turn to our performance appraisal method.

First of all, consistent with the foregoing, we sought a method of appraisal that would locate opportunities for improvement in the present performance of individual jobs, identify individual training and development needs and assist in determining action to be taken, assist in determining qualifications for transfer and promotion, and establish eligibility for increased compensation, *i.e.*, merit increases and extra compensation, if applicable.

We examined the two general methods of performance appraisal in use, the personality or trait-oriented and the work-oriented. After considerable study of the results other companies were getting with their methods, and some trial-and-error experience of our own, we adopted the work-oriented approach as being not only more consistent with our over-all managing philosophy, but also far more likely to give us the information we needed for manager development, selection and compensation.

And while our method of performance appraisal, though simple in concept, is far more demanding of the manager, we have had a good response from our managers all the way along the line—much better in fact than we had in our earlier attempts, which were mixtures of the two basic types of appraisal.

In outline our method is very simple and includes the following steps. Every year, we establish for each job specific key result targets, record actual results attained against each target, analyze why actual results varied from target and determine those areas of performance which are good and those which need strengthening, and develop an action program through which the individual can strengthen his ability in his weak areas.

Setting Key Result Targets

The entire system is dependent on careful definition of job targets which we have defined as "the critical business accomplishments required of the manager in a particular period if his component is to make the necessary contribution to the five-year profit goals of the division."

Some of the guidelines we use in target setting are these:

The superior's targets must be drafted before the subordinate's—Then these targets are integrated, as necessary, with the subordinate's drafts. This provides the central goals to which all subordinate results contribute. The superior's targets are not just a collection of subordinates' targets, they are the synthesis.

Targets must define results not activities, the "what" not the "how"—For example, not "install expense reduction program" but "reduce operating expense from $1,000,000 to $925,000."

Targets should be as specific as possible—For example, not "improve return on investment" but "increase ROI from 13% in current year to 15% in budget year."

Targets must be inclusive of the entire responsibility and must establish definite, forward-looking goals in each major area of activity—There is always the danger of concentration on one aspect of the job to the detriment of others. For example, a division head with only a profit-as-a-per-cent-of-sales target could hit that target but let inventories and receivables get out of hand and thus cut into his return on investment.

Targets should be broad in scope and limited in number—Five or six is the normal maximum. Long lists usually include activities, not results, or else they include the detailed targets of subordinates, not of the manager himself.

Targets should tie directly into the business planning, budgeting process—Preliminary targets should be established prior to budget preparation and represent necessary progress toward division five-year objectives. Then the budget consolidates and documents in financial terms the targets of all components of the division. The budgeting process may reveal inconsistencies among targets of various departments or

need to modify targets up or down. After budgets ave been accepted, individual job targets can be adısted as necessary and authorized.

Targets must be realistic—They should not be set ke old-fashioned sales quotas nor should they be set) insure easy achievement. They should be attainable ı the light of all foreseeable conditions but should ıll for full effort from the man.

Targets may overlap jobs, departments, divisions—or example, manufacturing and personnel heads may ave the same labor relations target. Or marketing nd engineering heads may have the same new product evelopment target.

Targets must be harmonious within any one component and between components. Targets must be ross-checked. Are marketing, manufacturing and ngineering all aimed in the same direction? Are staff ırgets established in support of line? Are lower levels ed in with levels above? Are short-range targets comatible with long-range goals?

Targets will include qualitative as well as quantitative results—Not all aspects of managers' jobs are ıeasurable in dollars, percentages, or units. Qualitave targets require more judgment in measuring esults but can be measured. Examples of qualitative reas include: long-range product and facility planing, executive development, and communications,) cite just a few.

Qualitative targets should include: specific stateıent of the long-range goal, interim progress points nd action programs, and target dates for various teps.

This list of guidelines isn't exhaustive. We could go ıto various refinements. But perhaps it will give you n impression of what is involved in the first imporant step in our method, setting job targets.

he Appraisal Interview

The other key step, of course, is the appraisal interiew or, as is more typical, the series of appraisal ıterviews during the year, culminating in a wrap-up ıterview at the end of the year.

This is initiated by the supervisor, who has a simple orksheet, the manager performance statement, on hich he records in one column the subordinate's greed-upon targets and asks the subordinate to enter ı a parallel column his actual results against each arget. The subordinate will return one copy prior) the wrap-up interview, and each man will have a opy during the interview. There is a third column in which the superior can note his comments during the interview.

The primary purpose of the appraisal interview is to help the subordinate better understand his performance strengths and the particular skills, knowledge and experience which he should acquire in order to improve his performance in the areas where he is not so strong. If missing a target was due to factors outside the man's control, this comes out in the discussion, and those variances are discounted.

Normally, the meeting is planned in such a way that there will be sufficient, uninterrupted time—two to four hours—to accomplish the purposes of the interview.

The subordinate is encouraged to do most of the talking and presentation of information on what he has accomplished towards achieving his targets; and the two men will draft the subordinate's plan of specific development actions to meet each of his needs.

The results of this conference are recorded by the supervisor on a record form which goes into the subordinate's confidential file. The subordinate does not see this completed form but does get a memo from his supervisor summarizing the conclusions of the conference. The summary record is not official until it has been countersigned at the next higher level, for the supervisor's boss must concur in the evaluation.

The supervisor enters his evaluation of the man's over-all performance on the summary record as below standard, standard or above standard, which are defined as:

Below Standard—Unacceptable performance; did not meet established targets for reasons within his control.

Standard—Acceptable performance; met targets without unusual effort considering all conditions.

Above Standard—Extraordinary or exceptional performance; exceeded targets or met targets despite adverse conditions.

DEVELOPMENT METHODS

In considering alternative development actions, the supervisor and the man are guided by a rough classification of methods which follows our basic approach to development. Among the most important methods are setting high standards of performance, coaching by the supervisor, increased delegation of responsibility to the subordinate, and challenging work assignments. The next most important methods, we believe, are special assignments and reports, tempo-

rary replacement of the superior, organizational changes or transfers, job rotation, and task force or project team membership. And finally there is the whole range of company training courses, professional seminars and university executive programs, and professional society activities. We believe that these are less important. In fact, in our company they are usually no more than 10% to 15% of all the influences that are brought to bear to help a man to do a better job.

In conclusion, if you will look at our approach to manager development, and particularly our appraisal method, in the light of all the normal problems of managing a business, you will recognize some of the things we like about it.

- The approach is directed at our major concerns: profits, volume, growth costs, etc.
- The premium is put on results, not activities.
- Realistic planning and organizing is much more likely.
- The appraisal method is an integral part of the business planning and control system.
- Misunderstanding of what is to be accomplished is markedly reduced.
- The human tendency to rate personality or popularity rather than the job to be done is avoided or minimized.

Of course, as we go along there will be many adjustments in the methods and changes of emphasis in the approach, for we still have an incomplete understanding of manager development. In any event, it seems apparent that the foundation for successful manager development is the fusion of each individual's own growth and career objectives with the needs of the corporation. Thus, we aim for flexible, stimulating development programs through which each member of the corporate family may strengthen his ability to the benefit of American-Standard and himself.

▶ PHILLIP R. KELLY

Reappraisal of Appraisals

IT IS REALLY rather difficult to try to talk about "appraisals," because right away I run into a semantic block. While this seems to be a common term, I'm not at all convinced that we are really clear about its specific uses in various organizations, so I hope you will work with me as we try to clarify this concept here today.

To begin with, let me say that today I'm discuss the use of managerial appraisals in the really tou areas of our economy—the lean, competitive, innov ing organizations—because I think here is where have the greatest needs and the greatest opportunit to really improve managers and management. stable, static, bureaucratic organizations, the appra al tool is less controversial because it is less of a pot tial source of reward or punishment. Very often acceptance or implementation of such a tool is tal as a measure of its success. Nothing like it. Peo don't get excited because, in such organizations, th know (or they've learned) it really won't do mu *for* them or *to* them.

One key question in discussing or exploring a c cept such as appraisals, as used in management dev opment, is how objective and detached can we be?

I once heard a report about some psychologists v would give you a bunch of photographs and instr you to keep punching the eyes out of the faces. Th they would slip in a picture of your wife or daught According to the report, most people had a tough trying to punch out the eyes of their loved ones, e though it was only in a photo!

I know that if I punch the eyes out of some of y favorite appraisal pictures here, it isn't going to very easy to take, and I don't expect all of you agree with me. If you've spent a couple of years pl ning, researching, and trying to install an appra system, you are not likely to quickly turn around a throw the whole thing out the window. And I am suggesting that you do that.

TOO MANY APPRAISALS

Now, I am assuming from the start that this au ence is broadly familiar with the use of performa appraisals as a management development tool. I th we have to try as hard as we can to look realistica at this particular aspect of management developme because it is my feeling that the indiscriminate use appraisals has produced more friction than mana ment development, and has wasted as much ti staff, and money as anything we have done in the p decade. That is my basic thesis and I believe that is true even with the most skillful planning a handling of the conventional appraisal approach.

Actually, there are as many versions of the appra concept as there are companies. Some of us who h been involved in early stages of the development this concept are apt to think all companies are equa sophisticated about it. I know that before I went Colgate recently with a bunch of management peo

thought that some of the old-fashioned appraisal pproaches were dead. But I was aghast to find that me of the large multidivisional companies were still sing concepts as obsolete as trait-based appraisals. n fact, some are only now beginning to install them! o I'm afraid we can't assume that we have really left ehind the old appraisal concepts, and moved into e relatively newer concepts of goal setting and man- gement by objectives as a means of building our anagement performance criteria.

The big difficulty I find is that if you are a manage- ent development man and have gotten yourself en- eshed in an appraisal system, you probably have one two things:

You have trapped yourself in the network of paper ork that is required to keep many such systems inning.

You have forfeited your status as a staff man, as consultant. Your appraisal program forces you to ecome an administrator, a program pusher.

Appraisal becomes *your program* in most cases; me people, including your boss, think you ought to e shoehorning it into and through the organization. think both of these are real problems because they eep you from having time to do much of anything se.

Now, why do we get so much controversy over the ppraisal business? Much of the confusion that stems om appraisal programs comes from the way the oncept originated. The fact is, we have mixed up whole series of concepts and theories and approaches nd this has led us into confusion in methodology. Let e take a brief minute to go back to the historical evelopment of the appraisal concept.

While informal appraisal of job performance, of ourse, started a long time ago, I believe job evalu- tion first became widespread in the early Twenties, hen we had a sudden spurt of articles and books on e subject. Much job evaluation was done on the oint system and was related to setting wage scales. This was still in the early phases of scientific man- gement and a very logical step, if you were going to te the jobs.)

The next obvious step was to rate the people. So e early appraisals dealt with merit rating and re- ted largely to wage and salary decisions.

In the next phase, later in the Twenties, we had the reat influx of testing and increased interest in the ocial sciences. This was chiefly an outgrowth of the esting work done in World War I. Some of this crept to the appraisal concept, that is, some of the theory, the words and the approaches of the new social sciences, with regard to traits, personality and character appraisal.

Then the studies that Western Electric did at the Hawthorne Works back in 1927 and 1932 gave a tremendous impetus to employee counseling, which became part of the job evaluation procedure, and thus part of the appraisal concept. After this, there was a hiatus during the depression and during World War II, when we were either too slack or too busy to bother.

BOOM CREATES PROBLEMS

At the end of the war we thought we were going to have a recession and instead we had the biggest boom we have ever known. Management suddenly found that it didn't have experienced personnel to handle the boom, for the lack of opportunities in the Thirties had knocked out a whole future group of managers.

We began to realize that management was increasingly complex and that the boom would continue. We also saw that in many cases we didn't have the managers to do the job. So we came up with management development programs of various types.

Now, if you are going to plan management development and plot your course, obviously you have to know where you are starting from. You have to make manpower inventories, see what holes need to be plugged, and when, in terms of retirements. These were the major components that were added to the appraisal setup from 1945 to 1956, a sort of a management inventory and forward need-planning concept. Most of the work being done at that time was based around these components.

So, out of all this hodgepodge of background, we find the various appraisal systems have emerged. And they were all working, more energetically than productively, when Doug McGregor and some others became openly critical of some of these traditional appraisal approaches and outlined some of their weaknesses.

Today I think the forward-thinking firms are moving into the "management by objectives" approach suggested by Doug McGregor and others and discussed here today by Mr. McNair. But I would say that this doesn't quite solve the whole problem, because it doesn't always deal with what both Mr. Payne and Mr. McNair stressed as the "situational aspects of performance."

The traditional appraisal approach had been pretty much that the boss sat down and went over a man's performance with him and, in effect, said: "Now here is where you are going wrong and here is where you are

right, and this is what you have to do to improve." A lot of assumptions were made in that situation about how easy it is to affect human behavior, and they are still being made. I'd like to examine some of these assumptions which I think are implicit in most appraisal systems.

The first assumption, and it is a very large one, is that something called "a job" exists and that it is clearly defined and mutually understood by both the appraiser and the appraisee. Even if you have job descriptions there is probably considerable confusion as to job content, although there is a tendency to feel that job descriptions prevent this.

Here I would like to cite the work of Norman Maier, who made a study a year or two ago, involving many pairs of superiors and subordinates. In a series of open-ended interviews he talked with both superiors and subordinates about the subordinates' jobs. And usually both supervisors and subordinates would give similar *descriptions* of the jobs. But when he talked about job problems, job priorities, what was needed to do the job right, and the total situation, he found little congruence between the superiors' and the subordinates' viewpoints.

This suggests to me that when we appraise we often really don't know what the job is, *as the man on the spot perceives it.* And to assume that we do can lead to dangerous consequences.

I think Mr. Maier also reported that where they existed, the traditional appraisal systems didn't seem to improve things. Also, if the boss had held the subordinate's job in the past, there was less agreement on job problems than if the boss hadn't had the job!

Obviously, the implication here is that the boss thinks the job is the way it was when he had it. The truth is, all jobs should change with people. And they do.

Another dangerous assumption is that the man being appraised is directly responsible for his own performance and that he has control over all the factors that make up his work situation. Yet on the basis of our own experience, we know that this isn't so. Some companies are trying to solve this by setting management objectives, established at the top and pushed downwards for execution. The only problem is that the management objective that you have developed at the top level is apt to undergo a tremendous amount of leakage as it dribbles down the management pipeline. In the end, the way the concept is executed is like the orangutan playing the violin: the sound may have some relationship to the notes but it is pretty sad music most of the time!

Still another assumption is that the appraiser is objective. And a related one is that the appraiser is emotionally stable and will not use the appraisal situation to relieve his own anxieties or aggressions.

Then there is the assumption that it is just as sound to concentrate on weaknesses as on strengths. (That this is false is one of Mr. Payne's points.)

With conventional appraisals we also assume that a man can and will communicate according to schedules and procedures. In other words, we act as if you could legislate communication. From everything I have learned, the greatest block to real communication is fear. You only really talk and bare your problems to a man who doesn't threaten you or have power over you. (Your best friend is usually identified as the man you can *really* talk to, because he *doesn't* judge you.) As long as you have a threat situation, people generally have difficulty in communicating—and this makes it difficult to get at the problems men face in improving their performance.

Unless the boss is working every day to ease the kind of natural threat and conflict you get between superiors and subordinates, your chances for communication on a once-a-year basis are relatively slim. Because as your men come in to talk with you, they pretty well know what they *can* say and what they *can't*. They learn this from the daily job situation. If you can't build the proper daily job relationships, then you can't expect them to come in once a year and level with you just because some appraisal procedure demands it.

On the other hand, where you really have daily on-the-job communication, I don't know why you *need* to prescribe it once a year! And the circular logic of these two facts makes it difficult for me to understand the rationale of the traditional appraisal concept.

WHAT ABOUT STAFF?

There is another assumption that certain criticism can be communicated without serious disruption to personal relationships. This may be possible, but it takes considerable trust and real empathy and skill.

I would say another assumption that I find fault with is that the appraiser has little direct influence on the appraisee's performance. (And, boy, do we really depend on *this* one for self-protection when we judge our subordinates!)

Next is the one that the man being appraised really wants to know where he stands. Truthfully, I suspect that many of us don't want to know where we stand; we want to be reassured and comforted.

Moreover, I believe the concept that all men want to advance, develop, compete and improve is false. In a lot of jobs we need some ball bearings rather than rocket thrusters. I think the attempt to make everybody into a rocket thruster is as ridiculous as it certainly is futile.

Development is a state of mind toward the world. Management can control some aspects of a man's attitudes, but there are many aspects it cannot control. What we should do is to help those men who are motivated and able and not try to convert those managers we really can't do anything about. Give everyone goals and opportunities but don't try to wet nurse the incompetent.

Still another assumption is that standard criteria are used by the various appraisers and that each appraisal opinion is given equal weight when it comes to evaluate and act on the results. When you have a big corporate promotion system and you are putting X number of different appraisers to work judging X different men, how can you make sure the same criteria are being used in the same way by all these appraisers? And what does it do to your motivation factors, if the good men see the poor ones being moved up the ladder?

But most of all, I wonder: Can you *really* evaluate all performance? I think this question bothers me most, particularly when appraising staff or professional work, whether the appraisee is a lawyer, organization analyst, scientist, or researcher. In certain kinds of staff work, if the job is really done right, the staff man's ideas become part of the line person's concept and thinking. *The chances are that the effectiveness of staff's accomplishments would be inversely proportional to its visibility in the act.* In other words, there are certain kinds of staff work which are done best when they aren't readily identifiable or visible. The standard theory of "evaluation of results" is difficult to apply to such staff work.

The same thing goes for the creative process. The big challenge for America in the future is not going to be doing the familiar better, or "cutting costs" or anything like that. This is not that kind of an age. This is the age of the rocket to the moon. We have all spent a lot of time talking about democracy and democratic principles and all that. And I am for it. But let's face it. This is also an age when we have to develop and protect an elite corps. If Russia is turning out 50% more scientists (and believe me I think they are turning out some pretty good ones), if they are able to mobilize scientists and inventors, while we have fewer technical people and half of them are working on chrome tail fins, what chance do we have in the next two decades? The Russians are nurturing, directing, and expanding these new elite groups and finding ways to channel their efforts without destroying their creativity and autonomy.

The individual contributor is still the real core of the success of our country and of our individual companies. But if we really have a cookie cutter concept of management, if we take this appraisal and say: "This is good for everybody," and try to apply it to these creative people, I think we are putting restrictions on their ability to contribute. I think what we have to do is move managers toward management as a process of experiment and change, not as something you can always set up and formalize.

THE INNER DIRECTED

I think the truly professional man, whether lawyer, manager, or scientist, is a man who is inner directed. He has only one criterion which can please and satisfy him and that is perfection. Nothing else is ever good enough for him and no coercive or manipulated goals will ever satisfy him. The more you try to box these fellows in, the more chance you have of destroying the kind of free-wheeling innovation only they can give. And that we badly need.

I am not saying, incidentally, that a very rigid system of appraisal is not appropriate for certain areas. In running our Port Authority police group, or in running any other group where you have very definite measurable standards of performance and of conduct, I think appraisals make sense. But it makes very little sense to apply one standard pattern all through a company.

Finally another big assumption that breaks down under scrutiny is that the appraiser can and will grant or withhold rewards as a result of the appraisal.

Now an interesting side point here is that very few companies today, and I think mostly smaller companies, tie appraisal and salary together. We make two judgments. Often they are opposed; a good rating is given and still there is no raise. Thus a big motivational factor is not being used as an incentive as often as it should be. Too many raises are automatic.

But now my time grows short, so let me close by saying that when we begin to pay men for improving managers and subordinates, when we really reward them for developing others and make this part of the system, and not only talk about it, then we will really have this management development thing going. Up to that time, gentlemen, this is the appraisal I must make of the appraisal situation.

More about Work-study Plans

Two Michigan institutions that were set up solely as cooperative educational ventures aim at retaining trained personnel for firms within the state

TO STAY abreast of its competitors in this age of rapid technological advance, a company must acquire and retain personnel that will provide high quality administrative and professional leadership. This task is often difficult.

As one means of obtaining needed personnel, many companies throughout the country have for years cooperated with colleges and universities to provide work-study programs that expose students to careers in business and industry while they are still in the academic phase of their education. Such programs have been reported from time to time in Conference Board publications.[1]

Two ventures of this type, one long established and another a fledgling, are carried on in Michigan, and an objective of each is to retain a high proportion of the trained students as personnel in Michigan companies or their affiliates.

One program—the long-established project—is that of the General Motors Institute. Here, the objective is to develop and train young men for the divisions and units of the General Motors Corporation. Although the Institute is in Michigan, students may spend their work periods in out-of-state plants of the company's various divisions.

The other program is conducted by the Dearborn Center—a new adjunct of the University of Michigan. It was established as a cooperative venture of a group of companies in southeastern Michigan with the University of Michigan and features a joint plan of paid-work internship and school instruction. Although separated physically from the main university campus in Ann Arbor (Dearborn Center is approximately thirty miles closer to the industrial hub of Michigan), the Center is a part of the university.

These two work-study ventures differ from most others in that the schools involved were set up from the start as cooperative education enterprises.

HOW THE INSTITUTE OPERATES

General Motors Institute is the central training and educational agency of the General Motors Corporation. Although a company subsidiary, the Institute is incorporated in the State of Michigan as a degree-granting institution of higher learning and its credits and degrees have nationwide recognition and acceptance by other colleges and universities.[2] Its board of regents is composed of executives from the corporation, primarily general managers of operating divisions.

The Institute's training goals are described in its current catalogue as follows:

> "Since the graduate of the future will face far greater demands of knowledge and skill than those made upon the college graduates now employed, constant attention is being paid to the development of the basic curriculum within engineering to assure that the student of today gets the most effective 'tools for learning' for his development as a professional man of the future. Attention is given to the need to provide an educational background in the scientific, humanistic, and professional fields so that as the graduate gains additional experience, he will develop qualifications for increasingly responsible positions in industry."

The Engineering Program

The cooperative engineering program is confined to the fields of mechanical, industrial and electrical engineering.

Young men who are interested in the Institute's program apply directly to the school or to the personnel department of any plant of the corporation. After evaluation by the Institute's admissions committee for academic qualification, the applicant is referred to the plants for consideration on the basis of his preferences and the interests of the plants.

Once accepted, the student continues for a period of four years, alternating between the Institute and a General Motors plant. To earn a degree he takes on a fifth year which entails full-time work on a special plant project about which he writes a report. Four-

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[1] See "The Work-study Programs," *Management Record*, June 1960, page 10; "Industry Cooperation with Education," *Studies in Business Policy*, No. 34, 1949; and "Industry-sponsored Research at Universities," *Studies in Business Policy*, No. 14, 1946.

[2] The Institute operates on a budget supported by General Motors. The annual tuition charged to students covers only a portion of the operating expenses.

year graduates who do not take the fifth-year program may gain a degree by earning additional academic credits and by writing a thesis.

More Advanced Training

The second part of the program—further training of selected personnel—has two aspects. One plan, known as the bachelor-master degree program of graduate study, is designed for outstanding and talented graduates of the four-year cooperative course to prepare them for highly technical responsibilities in manufacturing, design, development, and research.

Instead of spending a fifth year in full-time work on a special plant project (or earning a bachelor's degree from the Institute by writing a thesis and taking additional credits), a selected student attends one of five graduate schools that cooperate with the Institute. (The five are: the Case Institute of Technology, the Illinois Institute of Technology, the Massachusetts Institute of Technology, Michigan State University, and North Carolina State College.)

A student spends two or three semesters at school. After he has successfully completed his thesis and advanced courses and is eligible for a master's degree, the school notifies the Institute. The latter then recommends to the board of regents that the student be awarded a bachelor's degree. The graduate school, in turn, awards the master's degree.

The other part of the more advanced training program is a 1955 innovation but is not part of the cooperative plan. Under this program the managements of General Motors divisions select personnel who have liberal arts degrees for additional training which will provide effective orientation to industry in a short time. Selection of candidates by management is an indication of their ability for future leadership.

An Evaluation of the Program

After thirty-four years of conducting the Institute,[1] the corporation believes that its purpose in carrying on the project—that of developing young men to qualify for future industrial leadership—has been realized. Of the nearly 6,000 Institute graduates, almost 70% are currently employed by General Motors in administrative and professional posts demanding responsibility and skill. Among them are general managers and presidents of some of the company's operating divisions.

DEARBORN CENTER

By establishing Dearborn Center, the University of Michigan expects to: (1) provide industry with greater numbers of high quality personnel; (2) offer current instruction in business and industrial operations; and (3) help companies to lessen their turnover by training and interesting students in specific companies and fields.

Before the Center was established, a joint study was undertaken by the university and a group of southeastern Michigan employers. As a result of the study, the university concluded that a cooperative program would be a significant contribution because it would at least integrate classroom learning with paid on-the-job instruction.

Under the program the companies provide work assignments exposing students to the newest technological developments, and the university's curriculum incorporates instruction encompassing the technological developments to which students are exposed on the job.

For example, if a young engineer should be assigned to a dynamometer as part of his internship, the university coordinators know that he needs a certain amount of calculus, physics, and mechanics before he can undertake the assignment. They know, too, that the nature of the dynamometer setup demands that the student stay on the project for a certain length of time before moving forward to another phase of his internship.

The participation of the University of Michigan gives the companies access to the talents of young people from within the state. It is hoped that these young people will learn that employment in their home state can be satisfying and profitable.

Among the business and industrial enterprises that are now cooperating with the school in implementing the program are: the Associated Spring Corporation, Barnes-Gibson-Raymond Division; the Bendix Aviation Corporation, Research Laboratories; Calumet & Hecla, Inc., Wolverine Tube Division; the Detroit Bank and Trust Company; the Detroit Edison Company; the Eaton Manufacturing Company, Saginaw Division; the Ford Motor Company; the General Motors Corporation, Chevrolet and Detroit Diesel Engine Divisions and Spring and Bumper Plant; the

[1] The Institute has been a subsidiary of General Motors since 1926, but it actually originated in 1919 as the Flint Institute of Technology. As such, it was an educational institution that provided evening courses and was affiliated with the Industrial Fellowship League, an association of factory employees in Flint. (The league is now known as the Industrial Mutual Association.) The Institute added foremanship training to its curriculum in 1920 and a cooperative engineering program in 1924. A principal reason for General Motors' taking over the Institute two years later was the recognition that a high percentage of the students were employees in the company's Flint area plants.

General Telephone and Electronics Corporation, Argus Cameras Division; The J. L. Hudson Company; the I-T-E Circuit Breaker Company, Bulldog Electric Products Division; Lear, Inc.; the Lufkin Rule Company; the Manufacturers National Bank of Detroit; Massey-Ferguson, Inc.; the Michigan Bell Telephone Company; the Michigan Credit Union League; the Mueller Brass Company; Parke, Davis and Company; Peat, Marwick, Mitchell & Company; Touche, Ross, Bailey and Smart; and the Whirlpool Corporation. The school is located in the industrial heart of the state, and work internships for students can provide a variety of experience. Throughout the program emphasis will be placed on instructional values rather than on financial reimbursement for work internships.

Physical Setup and Enrollment

To establish the Center, the University of Michigan utilized a gift of $6.5 million from the Ford Motor Company Fund and a 210-acre wooded area on the east bank of the Rouge River donated by the Ford Motor Company. The cash contribution provided a capital outlay for four buildings: classroom (including laboratories); student activities (comprising the library, book store, cafeteria, and general meeting rooms); engineering; and administrative. Fair Lane, the home of the late Mr. and Mrs. Henry Ford, is part of the campus and eventually will be converted into a cultural center for seminars and for lectures by guest speakers.

The cooperative program at Dearborn Center is open only to juniors, seniors and graduate students (some adult education and extension services also are offered).[1] The program begins with the juniors,[2] and admission requirements are identical to those for juniors in any other part of the university on the Ann Arbor campus; the degree is the same as that from any other college in the university. The curriculum plan alternates semesters of attendance at the Center with periods of compensated employment on selected work assignments. The program operates on a twelve-month schedule.

In the fall of 1960 (after a 1959-60 pilot program was concluded) the school formally opened with an enrollment of 220 undergraduates and 125 liberal arts graduate students. In addition, 230 persons were admitted to adult education courses.

Future Expectations

Future plans call for expanding cooperative education to include more than the general engineering and business administration areas. There will be programs in mathematics, for example, with internships in computer work. Specializations in communications will be available through the cooperation of newspapers, radio and television stations. School administrators look forward, too, to establishing cooperative programs in the liberal arts and social service fields.

The most immediate future project will be the initiation of a graduate program in engineering and business administration. The university believes there are many men presently employed in key positions who can profit from taking master's programs in their areas of interest.

Doris M. Thompson
Division of Personnel Administration

[1] While the cooperative program at Dearborn Center at present covers only the engineering and business administration areas, nevertheless the Center provides a strong supporting component of liberal arts courses. These courses have been expanded to permit students in the community to attend classes and get liberal arts degrees.

[2] Enrollment is deliberately restricted to upperclassmen so that the community college program for freshmen and sophomores will be encouraged and strengthened. University officers believe the community college is important in meeting educational needs beyond high school, especially where state institutions, either private or tax supported, cannot meet burgeoning demands.

Management Bookshelf

Communication or Conflict—This volume points out that meetings have begun to replace battlefields as the areas in which relationships among groups of people are determined. More and more we depend on meetings for giving and acquiring information, for developing understanding, for the definition of differences, and for reaching compromises, decisions and agreements. This book is the record of one attempt to advance our knowledge and understanding of meetings.

It reports on an international conference at Eastbourne, England, on the process and functioning of international conferences. The World Federation for Mental Health put forward the idea and received the financial support of The Josiah Macy, Jr. Foundation of New York in carrying it out. In Part I of the volume the reader finds various papers that were made available ahead of time for study by the conferees. Part II is a record of the relevant discussion which took place during the seven days of the conference. Part III contains descriptions of conferences and conference methods that were referred to on a number of occasions in the discussion.

The meeting was held not to provide a rigid set of blueprints on conference management but to make those interested in small conferences better aware of the subtleties involved when people come together in discussion. *By Mary Capes, Association Press, New York, New York, 1960, 228 pp., $4.*

Lending Employees to the Government

COMPANIES are being tapped for personnel for government jobs to a marked extent. This calls for serious thinking on the part of top management of the organizations that are temporarily losing the services of valued employees. As a good corporate citizen, a company may want to cooperate with government agencies by making available the talents of executives who would appear to be particularly fitted for the tasks at hand. But how about the needs of the company?

If employees who are released are considered on leave of absence, what should be the limits for such leaves? Should a company be willing to lend a key executive for an indefinite period?

And what about the individual who is being loaned? Apart from salary, he may be accumulating benefits under various company plans that would be drastically affected by a break in continuity of service. Should he be expected to forfeit such benefits as his personal civic contribution, or is there some way in which his interests could be protected?

Government agencies, federal and state, are not the only "borrowers" of company personnel. Occasionally it is to the advantage of a company to lend a professional or technical employee to another company for a specific project. The matter of benefit-plan rights and privileges, in such cases, is equally significant.

Phillips Petroleum Company is an organization whose management has given much thought to the implications of lending personnel. Several years ago, for the guidance of its supervisors, it issued a policy and procedure statement on "loaned service" which has been revised from time to time as experience indicated the need for pointing up certain aspects. In a recent revision a definite period has been specified for loaned service—a maximum of five years, with provision that the company can review and extend the leave at the end of the period or can cancel it at any time. Also, the company's arrangements for continuing contributions to benefit plans during employees' absences have been amplified.

At Phillips, "loaned service rights" are granted to four categories of employees—executive, administrative, supervisory and professional—who "may temporarily enter the employ of another person, corporation, institution, federal or state government or any subdivision thereof, other than any branch of military service." This must be at the express request of Phillips Petroleum Company, and procedures are set up to make the request formal.

The specific request for lending the services of a particular person must come either from the vice-president who heads the department or the manager of the department in which the individual works. In order to be eligible for loaned service rights, the employee must accept the proposed loan of his services, in writing, on a form provided by Phillips. The completed form is forwarded to the operating committee for consideration and to the executive committee for approval.

While he is away on loan, a Phillips employee is entitled to participate in Phillips retirement income plan, thrift plan and group insurance plans (life, disability, and medical and hospital) just as though he were in the continuous employ of the company, provided that he keeps up his contributions to these plans. Phillips continues to pay its share of the cost of the benefits involved. However, if the borrower is other than a government agency, this is done only with the understanding that arrangements are made, either between Phillips and the borrower or between Phillips and the employee, for reimbursement of the company costs. There is also an understanding that the employee will not participate in similar plans with the borrower while covered under Phillips plans. The salary paid by the borrower is used in computing payments and benefits to be derived from them, so long as the employee is being loaned. It is the employee's responsibility to keep Phillips informed of any change in his rate of pay.

As for vacation privileges—these are determined by the vacation policy of the borrower. An employee who is granted loaned service rights is subject to recall to the direct service of Phillips at any time the latter deems this necessary or advisable. If an employee does not return when asked, his refusal is considered resignation, and his participation in the company's benefit plans, of course, is terminated.

GENEVA SEYBOLD
Division of Personnel Administration

Pay Levels for Professional and Administrative Personnel

SINCE WORLD WAR II employers have relied increasingly on survey data for wage and salary determination. An enormous number of surveys are now being conducted by employer associations, individual companies and the government. For the most part, these have dealt with clerical salaries and wage rates for nonsupervisory production and maintenance employees. There has been a general lack of salary information on professional, administrative and supervisory positions.

In an effort to fill the gap, the Bureau of Labor Statistics began last year the first in a series of annual nationwide surveys of compensation for selected professional and administrative occupations.[1] The first report, "National Survey of Professional, Administrative, Technical, and Clerical Pay," is now available.[2]

According to the BLS, it "provides more information than has heretofore been available on pay in private industry for use in appraising the compensation of salaried employees in the federal civil service." While use of the report by company wage and salary administrators will, perhaps, have less specific application, it is undoubtedly recognized as an added tool in broadly gaging external pressures on company salary structures. The study has already met with wide popular demand. Within a week after its release the entire first run of 14,000 copies had been ordered.

The design for the survey was developed by the Bureau of the Budget in collaboration with the Civil Service Commission, the Special Assistant to the President for Personnel Management, and the Bureau of Labor Statistics.

The list of occupations studied represents a wide range of pay levels. Each occupation was selected because it was judged to be (a) surveyable in industry within the framework of a broad survey design and (b) representative of occupational groups that are numerically important in industry as well as in the federal service.

Job descriptions for the seventy-seven job categories surveyed specify not only the scope and nature of duties and responsibilities, but where pertinent in pinpointing job-level distinctions, the size of the company and the complexity of operations are also indicated.

However, a word of caution is in order. The survey design does not permit publication of separate salary figures by industry or by community. The averages shown in all tables, charts and distributions in the study represent national estimates only. They cannot be applied to any particular industry or locality without first taking into account interindustry and interregional differences.

In order to provide a basis for some general observations, however, the BLS computed estimates for broad regional and industry divisions, and comments on these estimates are noted in the report. Thus, limited information is presented for each job group, though not for the various levels within job groupings, for four regions (Northeast, South, North Central and West), for manufacturing as a whole, and for several nonmanufacturing industries.

METHOD AND SCOPE OF SURVEY

Actually, the BLS study combines in one report data from two separate surveys, one on professional and administrative occupations and the other on clerical and drafting jobs. For the professional and administrative occupations the survey data were collected from some 1,600 representative establishments employing one hundred or more workers. The survey results are based on a stratified probability sample of establishments which have been weighted to yield nationwide metropolitan area estimates.[1]

[1] The series also includes national salary estimates for the drafting and clerical occupations covered in the bureau's community wage series.

[2] The full title is "BLS Bulletin 1286, National Survey of Professional, Administrative, Technical, and Clerical Pay, Winter 1959-60." The report may be ordered for 35 cents from the Superintendent of Documents, Washington, 25, D.C. or from any one of five BLS regional offices: New York, Boston, Atlanta, Chicago and San Francisco.

[1] A brief description of the sample design and estimation procedure is given in *Management Record,* Nov. 1960, p. 29. A full account of the scope and method of the survey is presented in Appendix A of the BLS report.

The collection of data was made by personal visits during the first half of 1960, mainly between January 15 and April 30. Employees were classified according to occupation and level, on the basis of uniform job descriptions prepared by the Civil Service Commission. In comparing actual duties and responsibilities of the employees with those in the survey descriptions, extensive use was made of the company job descriptions, organization charts, and information obtained from company officials. On the average, BLS field economists spent a full day at each establishment matching jobs with descriptions and compiling salary data.

Professional and Administrative Occupations

The professional and administrative jobs represent five fields: accounting, legal, engineering and scientific, personnel management, and office supervisory. In each field the jobs selected for study are defined so as to differentiate between duties or work levels within the job. As may be seen from Table 1, the accounting field contains five levels of accountants and four levels of auditors. Each level is designated by a roman numeral, with Level I the lowest job category. Thus, Accountant I represents a level of responsibility just above the beginner or trainee, whereas Accountant V refers to duties comparable to a chief accountant of a large firm (1,000 to 5,000 employees) or a top accounting specialist of a firm employing over 5,000. Auditor I is defined as an inexperienced trainee position requiring a bachelor's degree in accounting or the equivalent in education and experience combined. Auditor IV, on the other hand, calls for duties equivalent to the head of an audit team or one in charge of individual audits under minimum supervision with the assistance of subordinate auditors.[1]

The description of each job level is sufficiently detailed so that its scope and the distinctions among the levels can be identified. The six levels of attorneys surveyed range from newly hired attorneys (with LLB degrees and membership in the bar) to those who serve as general counsel or chief attorney for the company and who report directly to top management.

Six levels of chemists and engineers and seven levels of mathematicians are reported, each starting with a trainee level of professional work, typically requiring a bachelor of science degree or the equivalent in education and experience combined. Engineers are not identified in the report by field of specialization (e.g., civil, mechanical, and electrical) or by function (research, design, operations and maintenance, and production). The reason is that over 90% of the establishments reporting rates for engineers indicated no rate differences based on either of these factors.

In the personnel management field, three occupations with four levels for each are reported. Job Analyst I is defined to include trainees under close supervision, while the distinctive requirement of job Analyst IV is participation in the development, installation, and administration of evaluation and compensation systems, with full responsibility for other broad assignments. The first levels for employment manager and director of personnel include persons who are fully responsible for their respective functions. Succeeding levels of this job category are determined on the basis of the increased number of employees, the larger range of occupations, and the greater variety of functions for which the job occupants are responsible. The first level of supervisors for keypunch and tabulating machine units refers to working supervisors who also operate the machines they supervise. The second level refers to full-time supervisors in charge of operations in their units.

Clerical and Drafting Occupations

Although the survey design for the clerical and drafting occupations is somewhat different from that used for professional and administrative jobs, the sample for each is generally confined to the same areas. Data collected through the bureau's community wage surveys were used to develop national estimates for the clerical and drafting occupations. The sample includes approximately 6,000 establishments, each systematically selected and each employing one hundred or more workers.

The industry and area detail, missing from the data on professional and administrative jobs, is available for clerical and drafting jobs through the various community wage-survey reports. But national estimates for the clerical and drafting jobs are not exactly comparable with the BLS industry averages in each community because of a difference in timing and in industrial composition.

SALARY DISTRIBUTIONS

The BLS report stipulates that differences in the range of salaries undoubtedly reflect a variety of factors other than differences in job definitions. The report further indicates that salary differences of professional and administrative employees in the same job and grade level are due in part to the fact that

[1] The descriptions given here are incomplete. Full descriptions for all jobs are to be found in Appendix B of the BLS report.

compensation for these occupations is generally determined on an individual basis or under formal pay plans that normally provide for a wide range in salary rates.

A complete distribution of employees by average weekly salary for each job is given in the BLS report. In addition, three measures of the average are shown: the mean (weighted average), the median (midpoint above which and below which 50% of the employees are found), and the interquartile (middle 50%) range. Table 1 shows these averages as they relate to each of the fifty-six professional and administrative jobs and Table 2 (see page 30) shows the averages for the twenty-one clerical and drafting occupations.

As can be seen from the tables, median weekly salaries in most cases are lower than the weighted averages (means). The percentage by which the median differs from the mean is less than 2% in almost half (twenty-six out of fifty-six) of the professional and administrative jobs. But the difference is 5% or more in one out of five jobs. This larger differential between median and mean is found primarily among the attorneys and at the highest levels of chemists, mathematicians, directors of personnel, and employment managers.

It can readily be seen from Table 1 that, as a general rule, overlapping takes place between the middle 50% range of one job level and that of the next consecutive level. For example, the middle 50% range for Attorneys I ends at a weekly salary of $137 while the middle range for Attorneys II begins at $120, an

Table 1: Employment, Average Weekly Salaries and Average Salaries plus Cash Bonu

Occupation and Class	Number of Employees (Thousands)	Average Weekly Salaries[2]			Cash Bonuses[4]		
		Mean	Median	Middle Range[3]	Per Cent of Employees Receiving Cash Bonuses	Average Weekly Salaries plus Cash Bonuses[5]	Per Cent Added to Salaries by Cash Bonuses[6]
Accounts and Auditors							
Accountants, I	13.7	$112	$110	$102–122	25	$113	1.0
Accountants, II	18.5	132	129	118–143	35	134	1.4
Accountants, III	14.9	159	155	136–178	39	164	3.0
Accountants, IV	6.4	189	185	162–208	32	196	3.5
Accountants, V	2.4	231	228	193–259	22	238	3.1
Auditors, I	.8	96	93	85–104	35	97	1.4
Auditors, II	4.1	116	113	101–130	32	117	1.2
Auditors, III	4.3	147	143	127–165	30	151	2.7
Auditors, IV	2.0	179	174	154–198	29	182	1.9
Attorneys							
Attorneys, I	.4	115	106	91–137	36	116	.4
Attorneys, II	1.4	140	136	120–158	20	141	.6
Attorneys, III	2.9	192	181	150–223	29	194	1.2
Attorneys, IV	1.3	255	246	202–296	25	260	2.1
Attorneys, V	.6	387	362	298–464	19	394	1.8
Attorneys, VI	.6	442	403	341–536	19	460	3.6
Engineers and Scientists							
Chemists, I	3.9	106	105	97–114	19	107	.5
Chemists, II	6.1	124	122	110–135	41	126	1.9
Chemists, III	8.5	149	148	132–165	37	152	1.8
Chemists, IV	5.7	182	179	161–198	31	186	2.3
Chemists, V	3.4	211	208	188–236	38	218	3.4
Chemists, VI	1.5	263	249	234–288	43	276	4.8
Engineers, I	19.3	122	123	115–130	16	123	.4
Engineers, II	43.1	139	137	127–150	17	140	.6
Engineers, III	76.0	161	160	146–176	16	162	.8
Engineers, IV	63.5	189	187	170–206	19	191	1.0
Engineers, V	32.1	223	218	197–245	22	227	1.8
Engineers, VI	12.7	272	264	235–302	25	281	3.2
Mathematicians, I	.4	111	110	98–122	11	111	.2
Mathematicians, II	.7	130	127	116–141	14	131	.4
Mathematicians, III	.7	153	150	137–167	11	153	.3
Mathematicians, IV	.5	175	172	156–191	17	176	.6
Mathematicians, V	.4	226	233	203–253	50	251	10.9
Mathematicians, VI	.2	272	257	232–300	24	288	5.7
Mathematicians, VII	.1	289	269	238–346	22	295	2.0

overlap of $17. This type of overlapping—between consecutive levels within a job grouping—ranges from $1 (between Job Analysts III and IV; Employment Managers III and IV; and Directors of Personnel II and III) to as much as $65 between Directors of Personnel III and IV. Between Mathematicians VI and VII, the overlap is $62.

But considerable overlapping also occurs between one group of jobs and another. It is evident from Table 1 that the middle 50% ranges for auditors, chemists, job analysts, and managers of office services overlap to some degree with those for accountants, attorneys, engineers, and mathematicians. Between Mathematicians VII and directors of research and development there is a $60 overlap of the middle ranges.

The Personnel Management Jobs

A visual presentation of the extent of overlapping and the relationship between various job levels is shown on Chart 1 (page 28) for the personnel management jobs and on Chart 2 (page 29) for the engineers' and scientists' jobs. The charts are preceded by tables (pages 26 and 27) giving the percentage of employees throughout the salary range. It can be seen that the absolute as well as the relative spreads between the highest and lowest salaries become wider with each increase in work level.

While the median weekly salary for Job Analyst I, (shown on Chart 1) is $106, about 30% of the personnel at this level earn less than $100, and just

(*Text continued on page 29*)

Selected Professional and Administrative Occupations,[1] Winter 1959-60

Occupation and Class	Number of Employees (Thousands)	Average Weekly Salaries[2]			Cash Bonuses[4]		
		Mean	Median	Middle Range[3]	Per Cent of Employees Receiving Cash Bonuses	Average Weekly Salaries plus Cash Bonuses[5]	Per Cent Added to Salaries by Cash Bonuses[6]
Directors, research and development	1.1	349	344	286–395	35	380	8.7
Personnel Management							
Job analysts, I	.2	114	106	99–123	17	115	.5
Job analysts, II	.6	128	127	113–143	16	129	.9
Job analysts, III	.9	142	140	126–160	23	143	.8
Job analysts, IV	.6	180	179	161–199	19	181	.6
Employment managers, I	2.4	128	125	108–149	45	131	2.3
Employment managers, II	1.6	151	151	128–168	27	154	2.0
Employment managers, III	.7	175	169	151–193	19	179	2.1
Employment managers, IV	.1	224	212	192–253	14	226	.9
Directors of personnel, I	1.0	152	149	130–168	42	156	2.5
Directors of personnel, II	4.1	182	179	156–205	42	189	4.1
Directors of personnel, III	.9	252	243	206–302	39	265	5.2
Directors of personnel, IV	.6	302	281	237–361	38	328	8.7
Clerical Supervisory							
Managers, office services, I	.8	139	140	123–151	49	142	2.2
Managers, office services, II	.5	154	146	129–181	18	156	1.0
Managers, office services, III	.4	180	179	148–206	39	184	2.0
Managers, office services, IV	.1	218	213	169–264	19	219	.3
Supervisors, keypunch, I	2.1	93	93	83–102	32	94	1.4
Supervisors, keypunch, II	1.0	114	115	100–124	21	115	.9
Supervisors, payroll	3.8	135	131	117–151	30	137	1.3
Supervisors, tabulating-machine unit, I	5.3	114	115	101–130	31	116	1.4
Supervisors, tabulating-machine unit, II	6.2	140	138	121–157	38	142	1.6

[1] The study relates to establishments employing 100 or more workers in 188 Standard Metropolitan Statistical Areas in the United States (excluding Hawaii) as revised in 1959 by the Bureau of the Budget, in the following industries: manufacturing; transportation; communication; electric, gas, and sanitary services; wholesale trade; retail trade; finance, insurance, and real estate; engineering and architectural services; and research development and testing laboratories.

[2] Salaries relate to standard salaries that are paid for standard work schedules. In tabulating the salary data, salaries reported on an annual or monthly basis were converted to weekly salaries by dividing by 52.1 or 4.33, respectively.

[3] The middle (interquartile) range is the central part of the array of employees by salary excluding the upper and lower fourths.

[4] Cash bonuses were averaged over all employees in each job category, including those who did not participate in such payments.

[5] Adjusted to include a small proportion of employees who received cash bonuses but for whom data on amount of bonus were not available, by assuming their bonuses equaled those for whom such data were available.

[6] Percentages were computed from weekly averages before rounding.

Source: Bureau of Labor Statistics, "Pay Levels for Professional and Other White-Collar Occupations," Monthly Labor Review, December, 1960 p. 1,287.

Per Cent Distribution of Employees in Selected Personnel Management Jobs, by Average Weekly Salary

Average Weekly Salary	Job Analysts I 203=100%[1]	Job Analysts II 570=100%[1]	Job Analysts III 870=100%[1]	Job Analysts IV 603=100%[1]	Employment Managers I 2,355=100%[1]	Employment Managers II 1,568=100%[1]	Employment Managers III 671=100%[1]	Employment Managers IV 115=100%[1]	Directors of Personnel I 1,045=100%[1]	Directors of Personnel II 4,155=100%[1]	Directors of Personnel III 877=100%[1]	Directors of Personnel IV 554=100%[1]
Under 80	8	..	..	..	..	..	..	..	..	..	..	..
80-89	4	7	..	..	6	..	..	..	..	..	..	..
90-99	17	2	4	..	8	3	..	..	..	..	..	..
100-109	32	8	9	..	13	5	..	..	4	..	..	..
110-119	10	22	5	6	13	9	3	..	6	4	..	..
120-129	10	17	17	5	15	13	5	..	14	1	..	..
130-139	..	13	16	2	14	11	6	..	15	5	..	3
140-149	6	18	13	4	7	8	10	3	12	10	2	..
150-159	5	6	12	7	11	17	11	1	8	7	2	..
160-169	4	4	13	13	7	12	17	3	19	10	3	1
170-179	2	1	4	14	2	8	11	6	6	14	2	3
180-189	2	..	3	15	1	2	11	10	4	8	5	..
190-199	..	1	2	10	2	6	5	13	3	12	7	2
200-209	..	1	1	4	1	3	4	14	2	6	6	6
210-219	..	..	1	8	..	1	5	4	6	5	8	2
220-229	..	..		4	..	3	3	2	1	3	5	1
230-239	..	..	..	1	..	..	2	6	..	8	7	10
240-249	..	..	..	4	..	..	4	10	..	2	8	6
250-259	..	..	..	2	..	..	2	10	..	1	4	7
260-269	..	..	..	1	..	..	..	3	..	1	4	3
270-279	..	..	..	..	..	..	..	5	..	..	7	5
280-289	..	..	..	..	..	..	..	2	..	1	2	7
290-299	..	..	..	..	..	..	..	2	..	1	2	..
300-309	..	..		..	..	..	..	..	..	..	5	4
310-319	..	..	..	..	..	..	..	2	..	..	6	2
320-329	..	..	..	..	..	..	..	1	..	..	4	1
330-339	..	..	..	..	..	..	..	2	..	..	3	6
340-349	..	..	..	..	..	..	..	1	..	..	3	4
350-359	..	..	..	..	..	..	..	..	..	..	..	1
360-369	..	..	..	..	..	..	..	..	..	..	1	7
370-379	..	..	..	..	..	..	..	..	..	..	1	1
380-389	..	..	..	..	..	..	..	..	..	..	1	7
390-399	..	..	..	..	..	..	..	..	..	..	..	..
400-409	..	..	..	..	..	..	..	..	..	..	1	2
410-419	..	..	..	..	..	..	..	..	..	..	1	..
420-429	..	..	..	..	..	..	..	..	..	..	..	1
430-439	..	..	..	..	..	..	..	..	..	..	..	..
440-449	..	..	..	..	..	..	..	..	..	..	..	..
450-459	..	..	..	..	..	..	..	..	..	..	..	..
460-469	..	..	..	..	..	..	..	..	..	..	..	..
470-479	..	..	..	..	..	..	..	..	..	..	..	..
480-489	..	..	..	..	..	..	..	..	..	..	..	..
490-499	..	..	..	..	..	..	..	..	..	..	..	2
500 and over	..	..	..	..	..	..	..	..	..	..	..	5
Total %	100	100	100	100	100	101	99	100	100	99	100	99

[1] Does not total 100% in all cases due to rounding.
Sources: Bureau of Labor Statistics and THE CONFERENCE BOARD.

This table refers to Chart 1 on page 28 ▶

Per Cent Distribution of Mathematicians and Directors, Research & Development, by Average Weekly Salary

Average Weekly Salary	Mathematicians I 389=100%[1]	Mathematicians II 679=100%[1]	Mathematicians III 714=100%[1]	Mathematicians IV 510=100%[1]	Mathematicians V 351=100%[1]	Mathematicians VI 174=100%[1]	Mathematicians VII 85=100%[1]	Directors, Research & Development 1,148=100%[1]
80-89	4	..	..	..	..	..	..	..
90-99	27	2	..	..	..	..	..	..
100-109	20	9	..	..	..	..	..	..
110-119	22	26	3	..	..	..	..	..
120-129	13	18	11	2	..	..	..	..
130-139	9	20	16	3	..	..	..	..
140-149	6	10	20	12	..	..	..	..
150-159	..	8	14	14	1	..	..	..
160-169	..	3	15	15	1	..	8	..
170-179	..	2	8	17	5	1	..	2
180-189	..	1	6	11	9	2	..	..
190-199	..	1	3	8	7	3	..	2
200-209	..	..	1	7	6	6	..	..
210-219	..	..	2	6	6	8	..	1
220-229	..	..	..	1	9	1	2	2
230-239	..	..	..	1	18	13	18	2

Per Cent Distribution of Mathematicians and Directors, Research & Development, by Average Weekly Salary

Average Weekly Salary	Mathematicians							Directors, Research & Development
	I 389=100%[1]	II 679=100%[1]	III 714=100%[1]	IV 510=100%[1]	V 351=100%[1]	VI 174=100%[1]	VII 85=100%[1]	1.148=100%[1]
240–249	..	..	..	..	5	3	2	4
250–259	..	..	..	2	29	16	12	3
260–269	..	..	..	..	..	5	8	1
270–279	..	..	..	..	3	4	6	..
280–289	..	..	..	..	..	7	2	14
290–299	..	..	..	..	..	5	1	1
300–309	..	..	..	..	..	3	4	2
310–319	..	..	..	..	..	1	1	4
320–329	..	..	..	..	..	2	1	5
330–339	..	..	..	..	..	1	5	2
340–349	..	..	..	..	..	5	8	14
350–359	..	..	..	..	..	..	4	1
360–369	..	..	..	..	..	..	8	8
370–379	..	..	..	..	..	..	..	1
380–389	..	..	..	..	..	6	4	5
390–399	..	..	..	..	..	..	..	2
400–409	..	..	..	..	..	7	..	2
410–419	..	..	..	..	..	..	..	3
420–429	..	..	..	..	..	..	..	5
430–439	..	..	..	..	..	..	..	1
440–449	..	..	..	..	..	..	..	2
450–459	..	..	..	..	..	..	3	..
460–469	..	..	..	..	..	..	2	1
470–479	..	..	..	..	..	..	..	..
480–489	..	..	..	..	..	..	..	4
490–499	..	..	..	..	..	..	..	..
500 and over	..	..	..	..	..	..	..	5
Total %	101	100	99	99	99	99	99	99

[1] Does not total 100% in all cases due to rounding.
Sources: Bureau of Labor Statistics and The Conference Board.

This table refers to Chart 2 on page 29 ▶

Per Cent Distribution of Chemists and Engineers, by Average Weekly Salary

Average Weekly Salary	Chemists						Engineers					
	I 3,902=100 %[1]	II 6,121=100 %[1]	III 8,454=100 %[1]	IV 5,657=100 %[1]	V 3,402=100 %[1]	VI 1,481=100 %[1]	I 19,276=100 %[1]	II 43,145=100 %[1]	III 75,956=100 %[1]	IV 63,535=100 %[1]	V 32,132=100 %[1]	VI 12,705=100 %[1]
80–89	8	..	..	..	..	..	..	..	..	..	..	..
90–99	23	10	..	..	..	..	4	..	..	..	..	..
100–109	33	15	5	..	..	..	11	2	..	..	..	..
110–119	21	20	8	..	..	..	23	9	1	..	..	..
120–129	9	21	11	2	..	..	36	22	5	..	..	..
130–139	5	14	16	3	..	..	16	25	11	2	..	..
140–149	1	9	14	6	4	..	6	18	14	3	..	..
150–159	..	7	15	11	2	..	2	12	19	8	1	..
160–169	..	3	13	15	5	..	1	7	18	13	2	..
170–179	..	1	8	13	8	..	..	3	13	16	5	1
180–189	..	..	5	14	7	..	..	1	9	14	9	1
190–199	..	..	2	12	12	3	..	1	5	14	13	2
200–209	..	..	1	7	14	4	..	..	3	10	12	4
210–219	..	..	1	5	11	5	..	..	2	7	12	5
220–229	..	..	1	3	6	5	..	..	1	5	8	7
230–239	..	..	..	4	9	22	..	..	..	3	9	10
240–249	..	..	..	2	6	13	..	..	..	2	8	7
250–259	..	..	..	2	5	6	..	..	..	1	6	8
260–269	..	..	..	..	3	3	..	..	..	1	4	8
270–279	..	..	..	..	4	5	..	..	..	..	3	7
280–289	..	..	..	..	1	12	..	..	..	..	3	8
290–299	..	..	..	..	1	3	..	..	..	..	1	4
300–309	..	..	..	..	1	4	..	..	..	..	1	6
310–319	..	..	..	..	..	3	..	..	..	..	2	4
320–329	..	..	..	..	..	5	..	..	..	..	..	4
330–339	..	..	..	..	..	2	..	..	..	..	..	3
340–349	..	..	..	..	..	2	..	..	..	..	..	2
350–359	..	..	..	..	..	2	..	..	..	..	..	2
360–369	..	..	..	..	..	2	..	..	..	..	..	1
370–379	..	..	..	..	..	..	..	..	..	..	..	1
380–389	..	..	..	..	..	..	..	..	..	..	..	1
390–399	..	..	..	..	..	..	..	..	..	..	..	3
Total %	100	100	100	99	99	101	99	100	101	99	99	99

[1] Does not total 100% in all cases due to rounding.
Sources: Bureau of Labor Statistics and The Conference Board.

This table also refers to Chart 2 on page 29 ▶

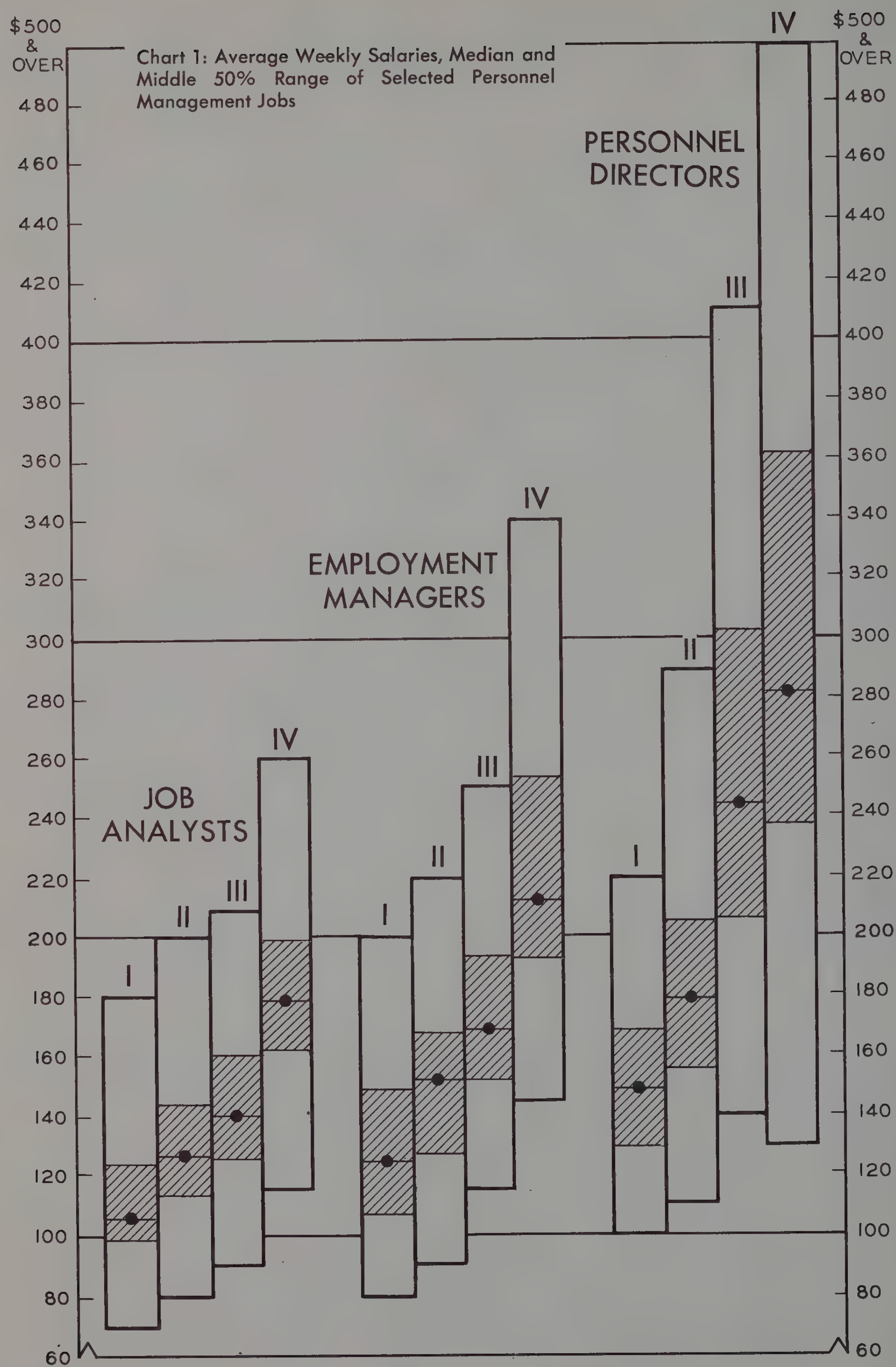
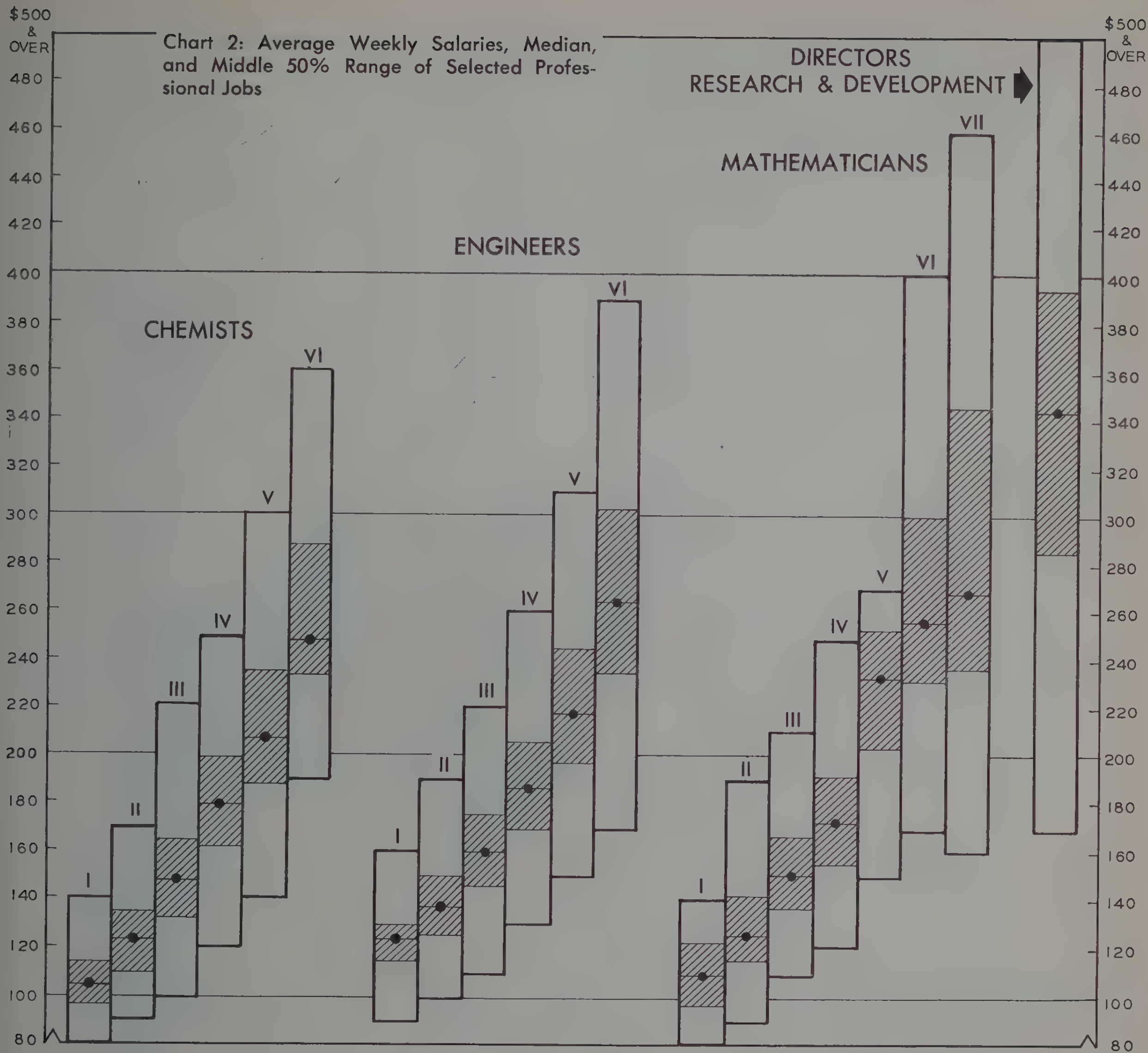


Chart 1: Average Weekly Salaries, Median and Middle 50% Range of Selected Personnel Management Jobs
JOB ANALYSTS
EMPLOYMENT MANAGERS
PERSONNEL DIRECTORS
I
II
III
IV
$500 & OVER
480
460
440
420
400
380
360
340
320
300
280
260
240
220
200
180
160
140
120
100
80
60



(*Continued from page 25*)

about 20% earn $130 or more. As can be seen on the chart, the middle 50% range for Job Analyst II begins at about the midpoint of the middle range for Job Analyst I. This pattern is repeated between Job Analysts II and III. But the middle range for Job Analyst IV begins slightly above the maximum of the middle range for Job Analyst III. This pattern of relationships in the middle ranges for the job analysts is almost identical to the pattern of middle ranges among the employment managers.

Among personnel directors, while there is an overlap in the middle ranges of Levels I and II, the middle range of Level III begins at about the point where Level II ends. Between Levels III and IV the middle ranges overlap more than half way.

As can be seen from the distribution table, the proportion of personnel management employees at the extremes of the distribution is small, though generally speaking, the proportion at the lower extreme is larger than that at the upper.

Manufacturing establishments account for from three-fifths to four-fifths of the employment of the twelve levels of personnel management jobs. Among other industries, a fourth of the employees in the first two levels of job analyst positions are in finance, and a third of the Employment Managers IV are in public utilities.

Engineering and Other Science Jobs

Salary relationships among the various levels of chemists, engineers, and mathematicians, and for directors of research and development are shown on Chart 2. As noted in the accompanying distribution table, for Levels I and II of each group, the bulk of employees are concentrated at the lower end of the distribution. At Levels III and IV, and for mathematicians at Level V in addition, the greatest proportion of employees is concentrated in the central portion of the distribution. And at Levels V and VI for chemists and engineers, at Levels VI and VII for mathematicians, and for directors of research and development, the dispersion is more widely scattered throughout the entire range.

Again, the relative spreads between minimum and maximum salaries become wider with each increase in work level. But the spread at the first four levels is much smaller for these jobs than the minimum-maximum spread of Levels I through IV of the personnel management jobs.

For each of the six levels of chemists, the median weekly salary is below that of engineers in the corresponding levels. Also, at most corresponding levels, the median engineers' salary is above that for mathematicians.

Nearly all the chemists and a great majority of the engineers and mathematicians included in the study are employed in manufacturing.

Differentials between Supervisory and Nonsupervisory Jobs

Among the supervisory jobs included in the BLS study, two of them—keypunch and tabulating machine supervisors—have clerical counterparts in the survey report. Thus, it is possible to analyze salary differentials between these occupations.

On Chart 3, the middle 50% range is given for both the supervisory jobs and for those supervised. By using the middle range, the extreme low and high salaries are eliminated, permitting a comparison of only the more usual rates. As already mentioned, Level I supervisors are working supervisors who spend part of their time performing machine operations while Level II is occupied full time in directing and organizing the work of their groups.

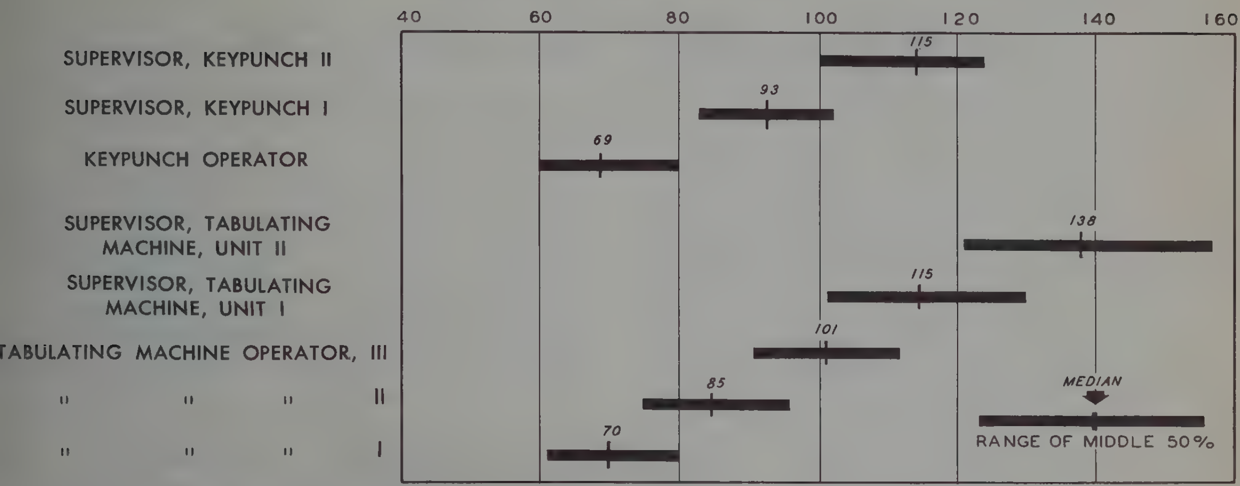
The top of the middle range for keypunch operators ($80) is just $3 below the bottom of the middle range for the working supervisor (Supervisor, Keypunch I).

Table 2: Employment and Average Salaries for Selected Technical and Clerical Occupations,[1] Winter 1959-60

Occupation and Class	Number of Employees (Thousands)	Average Weekly Salaries[2]		
		Mean	Median	Middle Range[3]
Draftsmen				
Draftsmen, junior	27.9	$90.00	$89.00	$79.00–$101.00
Draftsmen, senior	50.2	120.00	118.00	105.00– 134.00
Draftsmen, leader	8.8	146.00	144.00	126.00– 164.00
Tracers	3.7	72.50	70.00	63.00– 81.00
Clerical				
Bookkeeping-machine operators, I	40.7	61.50	60.00	53.00– 69.00
Bookkeeping-machine operators, II	10.2	75.00	75.00	65.00– 86.00
Clerks, accounting, I	72.7	69.50	68.00	58.00– 79.00
Clerks, accounting, II	51.4	93.00	92.00	79.00– 106.00
Clerks, file, I	47.9	55.50	54.00	48.00– 62.00
Clerks, file, II	15.0	70.50	69.00	60.00– 80.00
Keypunch operators	49.2	70.00	69.00	60.00– 80.00
Office boys or girls	30.4	57.00	55.00	49.00– 63.00
Stenographers, general	111.8	75.00	74.00	64.00– 85.00
Stenographers, technical	8.7	84.50	84.00	77.00– 91.00
Switchboard operators	20.5	71.50	72.00	62.00– 83.00
Switchboard operators, special	1.3	78.50	77.00	71.00– 89.00
Tabulating-machine operators, I	10.9	70.50	70.00	61.00– 80.00
Tabulating-machine operators, II	19.8	84.50	85.00	75.00– 96.00
Tabulating-machine operators, III	9.1	101.50	101.00	91.00– 112.00
Typists, I	84.9	60.50	60.00	53.00– 67.00
Typists, II	48.8	72.00	71.00	63.00– 81.00

See footnotes Table 1, page 25.
Source: Bureau of Labor Statistics, "Pay Levels for Professional and White Collar Occupations," Monthly Labor Review, December, 1960, p. 1,288.

Chart 3: Median Weekly Salary and Middle 50% Range of Selected Supervisory and Supervised Jobs



This represents a differential of just 3.7%. However, when compared with the low of the middle range for full-time supervisors, which is $100, the differential is 20%.

Another, and perhaps more meaningful, way to compare the relationship between these jobs is to note the differential between their medians. Between the Keypunch Operator median ($69) and the median for Supervisor, Keypunch I ($93), the differential is 25.8%. On the other hand, the differential between the operator's median and that ($115) of the full-time supervisor is 40%.

Looking at the tabulating-machine jobs on Chart 3, it can be seen that the middle range of working supervisors (Unit I) overlaps considerably with the middle range of Tabulating-machine Operator III, the highest level of the tabulating-operator jobs. But comparison of the two medians results in a differential of 12%.

Between Tabulating-machine Operator III and supervisor, Unit II, the maximum of the middle range for the former job ($112) is $9 less than the minimum of the middle range ($121) for the latter—or a differential of 7.4%. In terms of the medians ($101 and $138 respectively) the spread is 26.8%.

Between Tabulating-machine Operator I (the beginning job in the unit) and the working supervisor, the differential between the maximum of the middle range for the former ($80) and the minimum of the middle range ($101) for the latter is 20.7%, whereas the differential between the medians ($70 and $115 respectively) is 39%.

Comparing Tabulating-machine Operator I with the full-time supervisor, the differential between the maximum middle-range salary of the lower job and the minimum middle-range salary of the supervisor is 33.8%. The medians for the two jobs ($70 and $138 respectively) represent a differential of 49%.

From these observations, it can be said that the BLS survey data show differentials between the salaries of keypunch operators and keypunch working supervisors that vary from 3.6% to 26%, depending on whether medians or minimum-maximums are compared. The differential between full-time keypunch supervisors and keypunch operators varies from 20% to 40%.

Differentials between tabulating-machine supervisors and operators depend largely on the level of skill of the operators. The salary of a beginning tabulating-machine operator differs from that of a working supervisor by about 39%, whereas the spread between a fully skilled tabulating-machine operator and a working supervisor is only 12%. The differential between tabulating operators and full-time supervisors is from 20% to 49%.

In addition to salary data, the BLS study also covers information on cash bonus payments and their effect upon average salaries. Other items covered in the report include characteristics of salary rate systems; entrance rate policies for engineers, chemists, and mathematicians; and average weekly hours of each job category covered in the report.

N. BEATRICE WORTHY
Division of Personnel Administration

Briefs on

PERSONNEL PRACTICES

Mirrors Reflect Safety

At several warehouses of the Olin Mathieson Chemical Corporation, the prevention of accidents no longer requires the constant honking of tractor horns. Four convex safety mirrors, eighteen inches in diameter, have been installed on the loading dock of each warehouse. They are positioned in such a way that they make it possible for tractor operators inside the warehouse to see when another tractor is on the dock or when a pedestrian is walking along the dock. At the same time, they enable the operator or pedestrian on the dock to see when a tractor is coming out of the warehouse.

This silent approach to safety is proving itself as effective as the honking of tractor horns; it has the added advantage of being easier on the nerves of the warehouse workers.

The Hygienist in the Steel Mill

The Midwest Steel Corporation at Portage, Indiana (in the Chicago area), feels that its new finishing plant represents the utmost that the industrial hygienist can do to insure a working environment free of occupational injury and illness hazards. The plant incorporates the best of the innovations tried at other steel mills and introduces entirely new features.

The industrial hygienists planned the health engineering a year and a half before construction started. This planning was directed not only toward providing a healthy inside working environment but also toward achieving an outside environment that would be free of air and stream pollution and keep the community from frowning upon a new industrial enterprise in the area.

In addition to the various engineering devices and ideas incorporated in the milling operations, a heating and ventilating system for controlling the temperature is being installed in all key areas. Among such areas are large washup and locker rooms located above the working areas in all buildings.

A fully equipped medical laboratory with clinical facilities is headed by a medical director who is an internist.

This plant of Midwest Steel (a division of the National Steel Corporation) has been built for the conversion of hot rolled coils into electrolytic tin plate, galvanized coils and sheets, and hot and cold rolled sheet products. It is now in partial operation, and installation of facilities for the full product line is scheduled in stages over the next six months.

Putting Used Stamps to Good Use

Used stamps can be valuable even when they are not collector's items. Hospitals make profitable use of them in therapy. And this inspired Handy & Harman, a metal processing company in New York City, to start a campaign for the collection of used stamps. *Scraps of News,* the company's monthly publication, urges all employees to save their cancelled foreign and domestic stamps and turn them over to either of two girls who have volunteered to act as central collectors. All stamps collected in this campaign are sent to the Kingsbridge Veterans Hospital or to a local branch of the Multiple Sclerosis Society.

A Loss Regained

At every plant exit, the Caterpillar Tractor Co. of Peoria, Illinois, has placed a brightly painted container that bears this legend: "If you have forgotten a towel or other company property . . . put it here." These containers are for the convenience of employees who, in rushing home at the end of a shift, absent-mindedly carry towels, small tools or other items of company property away from the work area. Individual items previously lost through such oversights, the company explains, were of little value, but "together they add up to a considerable loss every year."

Happy Birthday

On the last Saturday of each month, the Sterling Faucet Company of Morgantown, West Virginia, holds a birthday party at a popular local restaurant. Every employee who has a birthday during the month

is invited to attend, along with wife, husband or sweetheart. The party consists of dinner and an evening of entertainment, at no cost to the employee.

Fire Dance at Long-service Dinner

Fire, Samoan-knife, and Tahitian-festival dances, as well as songs by a Hawaiian troupe, were included in the floor show presented at the most recent dinner-dance of the General Silver Dial Club in Beverly Hills, California. Silver Dialers are employees of General Telephone Company of California who have twenty-five years' service or more with the company.

The food, as well as the entertainment, was planned to carry out a South Seas theme. An exotic "bombe Tahitian strawberry sauce" topped the dinner.

A feature of the evening was a contest for Silver Dialers in which trophies were presented to the three couples who were judged the best waltzers. New members of the club were introduced by the chairman of the board at the annual dinner-dance.

Skin Divers Club Pays a Dividend

Recreation clubs are primarily intended to benefit the employees; but they can benefit the company, too.

Last September, a hurricane lashed the shores of Long Island and dislodged some pieces of experimental equipment that the Grumman Aircraft Engineering Corporation had placed in racks under a Coast Guard pier in order to test the effects of corrosion. Word of the loss reached the company's skin divers club. Three of the members immediately donned their scuba gear (self-contained underwater breathing apparatus) and successfully retrieved the dislodged equipment.

Top Executives Describe Their Own Jobs

Since the early days of job evaluation, many companies have been in favor of getting each employee to write down a list of his duties, as he understands them. These companies cite the following advantages:

1. By listing his own duties, the employee gets to know his job better.
2. The employee's supervisor, by going over the list, also gets to know the job better.
3. By this process, it is not unusual to discover that the employee is unaware of some duties for which he is responsible.
4. Also, there are times when it is learned that the employee has assumed certain duties which were not intended for him.

As advantageous as it may be to have employees prepare a list of their own job duties, having top executives do the same is by no means as frequent. One company, however, has tried it, and likes it. This is the Chilton Company, of Philadelphia, whose business is publishing. The president, at a meeting not long ago, asked each of his top executives—the publishers—to prepare a list of their duties and responsibilities. The president then combined the lists into a booklet called "The Chilton Publisher."

The publishers say that preparing a list of their duties and responsibilities was a stimulating and enlightening experience, particularly because of the complexity of their work and the possibility that one phase of their job might overshadow another. The president says that from the company's standpoint the project would have been exceedingly worthwhile even if the publishers' lists hadn't been combined and printed, or even if they hadn't been read, for that matter.

A Television Treat

The fact that the inauguration of President Kennedy was telecast during working hours did not prevent the employees of the Goodyear Tire & Rubber Company in Akron, Ohio, from witnessing the event. Special television equipment brought the two-hour program to a giant screen in the Goodyear Theater; and all employees were invited to leave their desks or machines and watch the ceremonies on company time. Some 4,000 accepted the invitation and filled the theater to capacity for most of the two hours. Not only was every seat taken but the space behind the seats, both side aisles and the steps leading up to the balcony were crowded with Goodyear employees anxious to view the event.

Vacations in England

England's Goodyear Tyre & Rubber Company, Ltd. has just adopted the following vacation program for its salaried and weekly wage employees:

Length of Vacation	*Service Required*
1 week	6 months
2 weeks	1 year
3 weeks	2 years
3 weeks and three days	15 years
4 weeks	25 years

The Industrial Welfare Society of London reports that Goodyear adopted this program "as a result of comprehensive investigations into local and competitive industrial practice."—J.R.O'M.

Labor Press Highlights

Public to Sit in on Negotiations

A PROPOSED agreement between the Kaiser Steel Company and the Steelworkers to allow public experts to assist in actual collective bargaining has been described as "contractually unique" by Dr. George Taylor, chairman of Kaiser's Committee to Develop a Long-range Plan for Equitable Sharing of Economic Progress. The proposal was recently adopted by David J. McDonald, president of the United Steelworkers of America, and Edgar Kaiser, chairman of the company's board of directors. Both leaders now pledge themselves to secure the acceptance of the pact by their respective organizations, says *Steel Labor,* the union's monthly.

The approach embodied by the new accord differs from the alternative usually suggested to bilateral collective bargaining — government intervention — which, stresses the union paper, is often resented by at least one of the parties because it is imposed rather than invited.

The new plan grew out of recommendations made by Dr. Taylor's committee, which was established by the parties' 1959 collective bargaining agreement. The committee is composed of nine members including three representatives each from management, labor and the public. While expanding the scope of its duties into the area of collective bargaining, the committee will also continue to work towards its primary aim: to "insure proper sharing of the company's progress among stockholders, employees, and the public," says the union periodical.

The new proposal provides for the commencement of collective bargaining at least sixty days before the expiration of the agreement in the hope that a new contract will be successfully negotiated by that time. A meeting of the entire committee will review the status of negotiations about thirty days before the contract's termination. Following this meeting, the public members of the committee are authorized to take one or all of these steps:

- Decide to take no action or to postpone action until the parties have had an opportunity to bargain further.
- Attend the bargaining sessions in the capacity of observers.
- Engage in mediation efforts, using private consul tation with each of the parties.
- Issue a public report before or after the contrac expiration date. However, the public members shal not publish this report until the company and th union have had every reasonable opportunity to com to an agreement.

Although designed to assist the parties in collectiv bargaining, the committee's recommendations are no "intended to replace free and responsible collectiv bargaining between the parties." Further, both labo and management agree that neither will "be boun by the recommendations or suggestions of the publi members." For the present, the public experts in clude: Dr. George Taylor, affiliated with the Univer sity of Pennsylvania, Dr. John T. Dunlop, Harvar University, and David L. Cole, former director o the United States Mediation and Conciliation Servic

The work of the committee in this area will no cease with the signing of the collective bargainin agreement, reports the union newspaper. It will con tinue to assist the parties in considering contrac problems as they arise so as to minimize reliance o deadline pressures for solutions.

Rail Unions and Teamsters Feud Over Piggybac

The 1,700,000-member International Brotherhoo of Teamsters has launched what promises to be a con tinuing attack on railroad "piggybacking."[1] Thus fa the highlight of the Teamster drive has been an eight page brochure inserted in a recent issue of the *Inter national Teamster,* the union's monthly. The brochur urged union members to seek a congressional investi gation into "discriminatory" practices of the Inter state Commerce Commission which allow the rail roads to charge lower rates for transporting "piggy back" cargoes. Other issues of the Teamster magazin claim that in the field of truckaway, hauling of auto mobiles by trailer, the jobs of 15,000 union member are jeopardized by these new rates. If the truckin

[1] "Piggybacking" is defined by the *International Teamster,* a " . . . the hauling of highway trailer bodies, with or withou wheels, atop railroad flatcars."

dustry declines because of these "discriminatory" tes much of the tax burden for the building and aintenance of highways will be shifted to the average tizen, warns the *International Teamster*.

Rail unions and railway executives rapidly moved counterattack the Teamster charges. One western ilway executive was even granted space in a union ewspaper, *The Locomotive Engineer,* to rebut the eamster assault. The rail executive brushed off the ccusations of discriminatory rates by declaring that air competition at fair prices is what determines ho gets the business." He went on to say that new evelopments in railroad transportation, such as iggybacking, have helped restore the competitive alance.

In another issue of *The Locomotive Engineer,* Ray avidson, leader of the 50,000-man Brotherhood of ocomotive Engineers, argues that the growth of the ucking industry itself eliminated many thousands of ilway jobs.

Moreover, alleges Mr. Davidson, truckers have long een receiving "subsidies" from federal, state and city overnments which have allowed them to operate at heaper rates. For, in contrast with the rail industry, hich must maintain and supervise its own system, ate highway commissions and police forces perform ese same services for truckers at public expense.

Instead of seeking an imposition of higher freight ates on the railroads to preserve teamster jobs, Mr. avidson urges the trucking union to publicize "the eed for a public solution to the problems of automaion and technological change." This viewpoint is also xpressed by Jesse Clark, president of the Brotherood of Railroad Signalmen, who implores both the eamsters and the railroad men to refrain from presuring Congress "to pass legislation in support of one egment of the transportation industry] to the detriient of the other."

CAW Has New Strike Fund

The Oil Chemical and Atomic Workers' new volntary strike defense fund came into existence on arch 1 of this year. On that date, the locals that ad elected to subscribe to the plan began collecting a ollar per month from each of their members.

The full benefit of $25 per week will not be paid to striker until the local has participated in the fund r three years. Until that time, benefits will be paid ut on an ascending graduated scale. For the first six onths, says the *OCAW Union News,* no benefits will e paid to strikers. For the next eighteen months, the triker will receive 50% of the regular $25 benefit. And during the third year of his local's participation in the fund a striking union member will receive 75% of the benefit. In no event will strikers receive payments until twenty-one days after the strike has commenced.

Benefits drawn from the fund, points out the international union, will be in addition to the $10 per week now paid to the striker, as a matter of right, after the strike has continued for twenty-one days.

The strike fund was authorized at the union's 1959 convention. But the adopting resolution deferred institution of the program until locals with a combined membership of 50,000 had agreed to participate. By March 1, 1961 this goal was reached.

UAW Strike Fund Nears $33 Million

By the end of 1960, the United Auto Workers' strike defense fund had climbed to $32,974,555.17, says the union's monthly periodical, *UAW Solidarity.* This figure marks an increase of $12,671,137.91 over the December, 1959 total.

However, 1961 could be the year that places a severe strain on the fund's resources. During this year, labor agreements covering a majority of the union's million workers are due to expire. In late August, the union's contracts with the auto manufacturers terminate. In September, the union must negotiate new pacts with the farm equipment manufacturers.

Operating Engineers Set Up Central Pension Plan

A central pension fund open to all members whose local unions succeed in negotiating sufficient employer contributions on their behalf has now been established, states Joseph J. Delaney, president of the 280,000-member International Union of Operating Engineers, AFL-CIO.

The inauguration of this plan, with its cost savings and administrative convenience, should help local unions in their attempts to secure "pension benefits through collective bargaining with their employers," declares the *International Operating Engineer,* union monthly. If all locals participate in this plan, those union members who change employers would be ensured continuous coverage.

Locals may join this central plan, states the union magazine, provided they are able to secure employer contributions of at least 5 cents an hour to the fund.

Benefits disbursed by the fund to the union members will vary in direct proportion with the rate of employer contributions, notes the union paper.

John J. McKew
Division of Personnel Administration

Significant Labor Statistics

Item	Unit	1961 Jan.	1960 Dec.	1960 Nov.	1960 Oct.	1960 Sept.	1960 Aug.	1960 July	Year Ago	Percentage Change: Latest Month over Previous Month	Percentage Change: Latest Month over Year Ago
Consumer Price Index (BLS)											
All Items	1947–1949 = 100	127.4	127.5	127.4	127.3	126.8	126.6	126.6	125.4	−0.1	+1
Food	1947–1949 = 100	121.3	121.4	121.1	120.9	120.2	120.1	120.6	117.6	−0.1	+3
Housing	1947–1949 = 100	132.3	132.3	132.1	132.2	132.0	131.5	131.3	130.7	0	+1
Apparel	1947–1949 = 100	109.4	110.6	110.7	111.0	110.6	109.3	109.1	107.9	−1.1	+1
Transportation	1947–1949 = 100	146.2	146.5	146.5	146.1	144.7	146.2	145.9	148.1	−0.2	−
Medical Care	1947–1949 = 100	158.5	158.0	157.9	157.3	156.9	156.7	156.4	153.5	+0.3	+3
Personal Care	1947–1949 = 100	133.7	133.7	133.9	134.0	133.9	133.8	133.4	132.7	0	+0
Reading and Recreation	1947–1949 = 100	122.2	122.3	122.5	121.9	122.1	121.9	121.6	120.3	−0.1	+1
Other Goods and Services	1947–1949 = 100	132.6	132.7	132.7	132.7	132.7	132.4	132.2	131.8	−0.1	+0
Employment Status (Census)											
Civilian labor force	thousands	69,837	70,549	71,213	71,069	71,155	72,070	72,706	68,168	−1.0	+2
Employed	thousands	64,452	66,009	67,182	67,490	67,767	68,282	68,689	64,020	−2.4	+0
Agriculture	thousands	4,634	4,950	5,666	6,247	6,588	6,454	6,885	4,611	−6.4	+0
Nonagricultural industries	thousands	59,818	61,059	61,516	61,244	61,179	61,828	61,805	59,409	−2.0	+0
Unemployed	thousands	5,385	4,540	4,031	3,579	3,388	3,788	4,017	4,149	+18.6	+29
Wage Earners (BLS)											
Employees in nonagricultural establishments, total	thousands	p 51,772	r 53,540	53,370	53,631	53,743	53,320	53,184	52,302	−3.3	−1
Employees in nonagricultural establishments, without Alaska & Hawaii[1]	thousands	p 51,548	r 53,303	53,133	53,391	53,496	53,062	52,923	52,078	−3.3	−
Manufacturing	thousands	p 15,572	r 15,830	r 16,129	16,313	16,505	16,386	16,250	16,470	−1.6	−
Mining	thousands	p 629	r 639	r 647	656	663	672	655	658	−1.6	−
Construction	thousands	p 2,362	r 2,546	r 2,847	3,006	3,069	3,130	3,098	2,453	−7.2	−
Transportation and public utilities	thousands	p 3,773	r 3,846	r 3,868	3,889	3,907	3,921	3,939	3,882	−1.9	−
Trade	thousands	p 11,548	r 12,401	r 11,842	11,742	11,665	11,592	11,591	11,424	−6.9	+
Finance	thousands	p 2,497	r 2,505	r 2,499	2,501	2,515	2,536	2,530	2,429	−0.3	+
Service	thousands	p 6,535	r 6,617	r 6,665	6,698	6,698	6,685	6,715	6,474	−1.2	+0
Government	thousands	p 8,632	r 8,919	r 8,636	8,586	8,474	8,140	8,145	8,288	−3.2	+4
Production and related workers in mfg. employment											
All manufacturing	thousands	p 11,512	r 11,749	r 12,037	12,226	12,399	12,265	12,145	12,449	−2.0	−
Durable	thousands	p 6,480	r 6,614	r 6,786	6,863	6,949	6,833	6,888	7,230	−2.0	−10
Nondurable	thousands	p 5,032	r 5,135	r 5,251	5,363	5,450	5,432	5,257	5,219	−2.0	−
Average weekly hours											
All manufacturing	number	p 38.6	r 38.6	39.2	39.6	39.5	39.8	39.8	40.3	0	−
Durable	number	p 38.9	r 39.1	39.6	40.1	39.9	40.0	40.0	41.0	−0.5	−
Nondurable	number	p 38.2	r 38.0	38.8	39.0	39.0	39.5	39.5	39.4	+0.5	−
Average hourly earnings											
All manufacturing	dollars	p 2.32	r 2.32	2.30	2.30	2.30	2.28	2.29	2.29	0	+
Durable	dollars	p 2.47	r 2.48	2.46	2.46	2.46	2.44	2.44	2.46	−0.4	+0
Nondurable	dollars	p 2.12	r 2.11	2.10	2.09	2.09	2.07	2.09	2.05	+0.5	+3
Average weekly earnings											
All manufacturing	dollars	p 89.55	r 89.55	90.16	91.08	90.85	90.74	91.14	92.29	0	−
Durable	dollars	p 96.08	r 96.97	97.42	98.65	98.15	97.60	97.60	100.86	−0.9	−
Nondurable	dollars	p 80.98	r 80.18	81.48	81.51	81.51	81.77	82.56	80.77	+1.0	+0
Straight time hourly earnings (estimated)											
All manufacturing	dollars	p 2.28	2.28	2.25	2.25	2.25	2.22	2.23	2.22	0	+9
Durable	dollars	p 2.42	r 2.42	2.40	2.39	2.40	2.37	2.37	2.37	−0.4	+9
Nondurable	dollars	p 2.08	2.08	2.06	2.05	2.05	2.02	2.04	2.00	0	+4
Turnover Rates in Manufacturing (BLS)											
Separations	per 100 employees	n.a.	3.9	3.9	3.8	4.2	4.3	3.6	2.9	n.a.	n.a.
Quits	per 100 employees	n.a.	0.6	0.7	1.0	1.8	1.5	1.1	1.0	n.a.	n.a.
Layoffs	per 100 employees	n.a.	2.9	2.7	2.2	1.8	2.2	2.0	1.3	n.a.	n.a.
Accessions	per 100 employees	n.a.	1.8	2.3	2.8	3.5	3.8	2.9	3.6	n.a.	n.a.

[1] The following eight industries also exclude Alaska and Hawaii. *p* Preliminary. *r* Revised. n.a. Not available.

Leadership in Management[1]

HOW DO YOU become a good boss? In order to qualify as a candidate, you must demonstrate the customary qualities of industry, honesty, integrity aggressiveness, initiative, and judgment. But these fine qualities are not enough to make you a top-flight manager. You must also be a master of the art of handling people. You must be a leader.

A successful leader is a person who gets people to do something that they may not want to do and gets them to do it willingly, enthusiastically, efficiently, and when he wants it done. Contrary to popular belief, a good leader does not treat everyone exactly the same. He doesn't because he knows that different people react differently to the same treatment. It means, therefore, that he handles his employees, particularly his key men, on an individual basis so as to get the fullest possible performance from each. Some need encouragement; some need urging; some need guidance; some need a free rein; some need a checkrein. To be a good leader of people you must know people and to know people you must study people, including yourself.

In every dealing you have with a subordinate or a superior, remember that you are 50% of the parties involved. It is most important, therefore, that you engage frequently in a little self analysis. Check up on how you affect people. You may be so wrapped up in your own importance that you can't see that it is you who are rubbing everyone wrong. When you study people, study cause and effect. If the effect of your dealing with people is not good, if you are not getting results, find out why. Start examining yourself and your attitude. Study reactions and try to connect these reactions with what you are doing, what you are saying and how you are saying it.

I am going to discuss briefly some of the practical points of management leadership that I think are essential.

1. *Control yourself.* Don't lose your temper when things begin to go wrong. Anger warps judgment; warped judgment leads to poor decisions; a leader doesn't make poor decisions often and remain a leader. Things said in anger can undo in thirty seconds all the good will and high morale you have worked hard to build up. If you want to control others, learn first to control yourself.

2. *Establish high standards.* If you are satisfied with mediocre work, you are never going to get more than mediocre work from many of your subordinates, except maybe from your successor.

3. *Respect the ideas of others.* When you make a decision not in accord with the ideas or point of view of a subordinate, don't belittle him, his opinions, or his convictions. Even though you know he is wrong, you must make him feel that you respect his ideas and are appreciative of having had the opportunity of learning his views before making your decision. If you treat him that way, his reaction will be good and he will always feel free to express himself honestly to you. The next time he may be right.

4. *Make all your employees feel that you recognize them, know what they are doing, and appreciate the part they are playing on your team, no matter how small a part.* Talk to them about themselves. Show some interest in them. Never forget that courtesy is more important on the part of the senior to the junior than the reverse.

5. *Learn the value of timing.* Many difficult things can be accomplished easily if done at the right time. If you time your efforts correctly, people will say: "Things certainly go smoothly around here." Wrong timing leads people to say: "What is he trying to do now?"

6. *Welcome responsibility.* Leadership and responsibility go hand in hand. Once you refuse responsibility, you have reached your ceiling.

7. *Learn how and when to delegate authority and responsibility.* The bigger the job, the greater the need for delegation, or you become the deluxe bottleneck of the organization, and progress stops.

8. *Develop your assistants.* Outstanding leaders in the business and industrial world habitually surround themselves with good men. Where do they come from? Most of them are developed by the outstanding leader

[1] Excerpts from a talk made before the Washington chapter of the Society for the Advancement of Management by Major General Louis W. Prentiss, United States Army (Retired).

through example and proper handling. Good leadership develops the full potential of subordinates by giving them opportunities to demonstrate their ability.

9. *Develop loyalty.* Don't expect your people to be loyal to you if you are not loyal to the man for whom you work. You also must be loyal to your employees. One of the best ways to demonstrate loyalty to your subordinates is to learn to take blame and give credit. When something goes wrong, take the blame from topside. Learn to say, "It was my fault; I am responsible here." Don't take credit from topside for something good done by one of your assistants.

10. *Balance is necessary.* Balance means having a "feel" for things that will instinctively lead you to devote your personal attention to the appropriate subject at the proper time and not overemphasize one subject at the expense of another. How many times have you heard it said of a man: "He is smart all right, but he goes off on a tangent"?

11. *Be yourself.* Don't try to act the part that you think an important official should play. If you do, your insincerity is evident, you are spotted as a phony and you lose the confidence of both subordinates and superiors.

12. *Make decisions promptly and base them on facts.* Get all the facts you can in the time available. Evaluate them, make up your mind, and then go ahead. Don't make quick decisions in order to appear decisive, but make them as quickly as possible after you get the facts.

13. *When you take over a new job, don't change everything just to show who is boss.* The man you replaced probably knew more about the job and its problems than you do. Sit back a little while and try to find out some of the reasons why things are done as they are done. Evaluate these reasons against your experience and judgment and make changes. This doesn't mean that you should hesitate to clean house when you find a mess.

14. *Don't act important.* If you are important, everyone knows it; and if you are not, acting important will not convince anyone that you are anything but a stuffed shirt.

Management Bookshelf

Self-Developing America—Mr. Ruttenberg's varied experiences as both a union leader and a company president have convinced him that America grew to its present greatness by offering all its citizens equality of opportunity. It can continue to grow, he believes, by helping to extend that equality of opportunity to all the people of the world. What he advocates is a full release of the creativeness of the working and management forces through organized programs of joint participation in the productive processes.

This, the author feels, will increase efficiency, reduce costs, eliminate waste, and raise quality—and thereby enlarge the total size of the corporate pie for the mutual benefit of workers, managers, owners, and consumers everywhere. Americans, he concludes, are not exploiters; they are developers. They have developed a powerful nation out of the North American wilderness; they can develop it into a greater nation by using their power to facilitate the development of the people in all other lands. *By Harold J. Ruttenberg, Harper & Brothers, 49 East 33rd Street, New York, New York, 1960, 254 pp., $4.50.*

Changing Patterns of Industrial Conflict—The authors interpret the handling of industrial disputes in fifteen countries, including the United States and Canada. They conclude that strike activity in these countries has generally declined. The authors point out, however, that strikes "will not wither away in the United States as they have in Northern Europe." Tables containing data relating to strikes in these fifteen countries over the last fifty years are included. *By Arthur M. Ross and Paul P. Hartman, John Wiley & Sons, 440 Park Avenue South, New York, New York, 1960, 220 pp., $6.50.*

Labor and Trade Unionism: An Interdisciplinary Reader—Each of the essays in this volume has appeared in scholarly journals during the past five years and is regarded by the editor as "having made a distinct contribution to labor and industrial relations." Included in the anthology are articles on union wage policy, labor markets, trade union history, union monopoly, and the internal political life of trade unions. *Edited by Walter Galenson and Seymour Martin Lipset, John Wiley and Sons, Inc., 440 Park Avenue South, New York, New York, 1960, 379 pp., $6.50.*

The Servants of Power—Can the social scientist (psychologist, sociologist, etc.) who is employed by industry maintain his professional integrity? The author of this book doubts that he can. He discusses the contributions that social scientists have made over the years in different companies, and finds little to applaud. In a concluding statement he warns of the "fearful implications" of putting the science of behavior into the hands of the managers of industry. *By Loren Baritz, Wesleyan University Press, Middletown, Connecticut, 1960, 273 pp., $4.50.*

Significant Pay Settlements

(Confirmed by The Conference Board)

npany, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
	DURABLE MANUFACTURING	
er Hill Company with *Workers ind.* at Kellogg, Idaho. 1,600 y troactive to 12-11-60. Contract expired w contract: 5 years	7¢ per hour general increase. Escalator provisions granting pay increase based on lead-zinc price. Deferred increases: 6¢ per hour during 2nd year and also during 3rd year. 5¢ per hour increase during 4th year and also 5th year	Revised: Pension benefits for present and future pensioners increased from $2 to $2.25 per per month year of service, effective 7-1-61; nonoccupational disability payment increase to $45 per week (was $40); hospital room and board increased to $17 per day from $13, effective 1-1-61
is Radio Company with *V* at Cedar Rapids, Iowa. 5,000 hourly troactive to 10-11-60. Contract expired w contract: 1 year	7.7¢ per hour general increase. Night shift differential 15¢ (was 12¢)	Revised: 3 weeks' vacation after 10 years (was 15)
hild Camera & Instrument Corp. with at Plainview, Hicksville & Syosset, New 800 employees ective 1-14-61. Contract expired w contract: 30 months	5¢ per hour general increase Deferred increases: 2¢ per hour, 11-13-61 and again 9-17-62	Revised: Accident and sickness disability; pension benefits
ator Products, Inc. with *endent Employees Union* at Rahway, New y, 600 hourly ective 1-1-61. Contract expired w contract: 2 years	6¢ per hour general increase Deferred increases: 6¢ per hour general increase 2nd year of contract	Added: Severance pay ranging from 1 week's pay for employees with 3 to 5 years' service to 10 weeks' pay for employees with more than 20 years' service
amo Electric Co., with at Springfield, Illinois. 134 hourly troactive to 12-10-60. Contract expired w contract: 25 months	3¢ to 4¢ per hour general increase. Revised escalator clause providing 1¢ limit the first year and 3¢ limit the 2nd year Deferred increase: 4¢ to 6¢ per hour increase in second year	Revised: Vacation provisions; maximum company-paid life insurance now $6,000; company-paid hospital benefits for employees only; shift differentials; paid funeral leave; informal sick-leave plan
ersal Marion Corp. (Marion Power Shovel pany Division) with *orkers* at Marion, Ohio. 1,100 employees ective 1-30-61. Contract expired w contract: 2 years	9¢ per hour general increase. Revised shift premium and overtime pay Deferred increase: 7¢ per hour effective 2nd year	Revised: Insurance and pension benefits
	NONDURABLE MANUFACTURING	
more Sun and Evening Sun with *paper Guild* at Baltimore, Md., 625 salaried troactive to 4-17-60. Contract expired w contract: 2 years	$3 to $4 per week general increase Deferred: $2.50 to $3.25 per week increase in second year	Added: 7th paid holiday (employee's birthday) effective in second year
n Zellerbach Corporation, Gaylord Conr Division, with *, Sulphite & Paper Mill Workers* at Milwau-Wisconsin. 113 hourly troactive to 8-29-60. Contract expired w contract: 2 years	7¢ per hour increase for hourly paid employees; 7.2¢ for incentive workers	Added: Jury duty provisions Revised: Pay for holidays falling on Saturday; 3 weeks vacation after 10 years (was 12); health insurance benefits
ern Women's Headwear Assn. with *r, Cap and Millinery Workers* at New York 12,000 hourly troactive to 7-21-61. Contract expired w contract: 2 years	$2.50 per week increase for employees paid on weekly basis. 2½% for piece workers. Piece workers guaranteed overtime at 1½ times after 35 (was 37½) hours per week Deferred increase: $2.50 per week for employees paid on a weekly basis and 2½% for piece workers, effective 7-1-61	Revised: Holiday pay eligibility for existing 7½ paid holidays broadened
k Felt Company with *ile Workers (UTWA)* at Rensselaer, New . 460 hourly troactive to 10-1-60. Contract expired w contract: 2 years. No interim wage reener	8¢ per hour increase for hourly workers, 5¢ for piece workers, plus $80 cash bonus for both groups Deferred increase: 8¢ per hour increase for hourly workers, 5¢ for piece workers, plus $80 cash bonus for both groups effective 10-1-61	Revised: Pension raised $5 per month 10-1-60 and another $5 in 10-1-62

Significant Pay Settlements—continued

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
Rohm & Haas Company with *Firemen and Oilers* at Louisville, Ky. 1,400 hourly Retroactive to 12-4-60. First contract Duration: 2 years. Reopening on 60 days notice during week of 12-4-61	From 8¢ to 9¢ general increase	No change
Shwayder Brothers, Inc. with *Fur & Leather Workers (Meat Cutters)* at Ecorse, Michigan. 700 hourly Effective 4-1-61 New contract expires: 4-1-65	Wage reduction of 50¢ per hour by elimination of cost-of-living clause from contract (47¢ as of 1-1-61) and 3¢ from basic rates. Rates for skilled workers reduced 30¢ per hour from 12-31-60 Deferred increases: 6¢ per hour general increase, plus 2¢ additional to skilled workers in 2nd, 3rd, and 4th years of contract	No change
Sinclair Companies with *OCAW*, Interstate. 9,000 hourly Retroactive to 12-19-60. Settlement resulting from "roving wage reopener" clause in existing agreement Existing contract expires 12-1-61	14¢ per hour general increase	No change
Standard Oil Company of Ohio with *OCAW* at refineries in Cleveland, Lima and Toledo. 1,475 hourly Effective 1-31-61,2-7-61 Contract expires 1-31-62	14¢ per hour general increase	No change
	NONMANUFACTURING	
Hartford Gas Company with *District 50, UMW, ind.*, at Hartford, Conn. 233 hourly Retroactive to 10-1-60. Contract expired New contract: 1 year	11¢ per hour general increase	Revised: $17 (was $15) daily hospital benef 16 weeks (was 14) sick-leave allowance employees with 20 to 25 years' service; fune leaves
Philadelphia Transportation Co. with *Transport Workers* at Philadelphia, Pa. 6,000 hourly Effective 1-15-61. Contract expired New contract: 2 years	12¢ per hour general increase Deferred increase: 12¢ per hour effective 1-15-62	Added: Severance pay provisions granting per year of service for employees permanen incapacitated who are not eligible for disabil pensions. No layoffs over term of contract Revised: Sick pay, effective after 8th day of ness paying weekly benefits of $50 (was $ for 1st 4 weeks and $40 (was $30) for rest period up to 100 days. $200 (was $190) mont guaranteed pension (including Social Securi $2,000 (was $1,500) employer-paid life surance
Tampa Electric Company with *Office Employees* at Tampa, Fla. 180 salaried Retroactive to 6-1-60. Wage reopener. Contract expires 5-31-61	4¼% increase, retroactive to 5-31-60. New top rates: $311 per month for general clerks to $609 for accountants.	No change
West Towns Bus Company with *Railway and Motor Coach Employees* at Chicago, Ill. 600 hourly Retroactive to 10-1-60. Contract expired New contract: 2 years	No immediate wage adjustment. Escalator clause continued with cost-of-living increase limited to 4¢ an hour over contract term Deferred increase: 2¢ per hour for employees paid by week and $3.47 per month for employees paid by month, effective 1-1-62	Revised: Accident and sickness insurance $40 per week; group hospitalization and su cal benefits, medical expenses and consultat fees

[1] All unions are affiliated with the AFL-CIO unless otherwise indicated.

Studies in Personnel Policy

No. 180—Personnel Procedure Manuals
No. 179—Top Executive Compensation
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In the March Business Record

Federal Budget 1962 and Defense Spending—Changes in the budget as presented by President Eisenhower in January will seemingly be limited mainly to the areas of unemployment benefits and defense spending. The general effect on the budget of the switch in administrations and the likelihood of a deficit arising during a recession year are discussed in the light of comparisons of actual vs. proposed budgets for earlier years. Budget categories of defense spending are also discussed.

Caution Keynotes Consumer Buying Plans—Employment and household finance expectations for the half year ahead turned upward at the end of 1960 as compared with the year-earlier period. This tenth survey of buying plans conducted by the Board with the financial sponsorship of "Newsweek" provides, for the country generally and by region and income class, trends in plans to buy certain commodities and to take a vacation. The current article also reports on the close relationship between new-car purchase plans six months ahead and changes in new-car registrations that actually occur in the same period.

"Outside Central Cities" Growth: 1950-1960—Vast changes occurred in the composition of standard metropolitan areas between 1950 and 1960. These changes are graphically shown in two full-page charts and in a fourfold map inserted at the center of the magazine. It is hoped that the map and charts will prove useful to Associates whose marketing interests require close attention to population concentration changes.

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